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City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

Wednesday, May 01, 2002

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Tom Ammiano.

President Ammiano appointed himself to serve as a member of the Finance Committee.

MEETING CONVENED

The meeting convened at 12:45 p.m.

020654 [Controller's Nine-Month Financial Report]

Supervisor Peskin

Hearing regarding the Controller's Nine-Month Financial Report.

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Edward Harrington, Controller; Supervisor Peskin; Supervisor Daly; Jim Corrigan.

FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020535 [Unrepresented Employees]

Mayor

Ordinance fixing compensation for persons employed by the City and County of San Francisco whose compensations are subject to the provisions of Section A8.409 of the Charter, in jobcodes not represented by an employee organization, and establishing working schedules and conditions of employment and, methods of payment, effective July 1, 2002. (Mayor)

(Fiscal impact.)

4/3/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled at the April 17, 2002 meeting.
4/24/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Employee Relations Division, Human Resources Department; Jonathan Holtzman, Mayor's Office.
Continued to 5/1/02.

*Heard in Committee. Speaker: Supervisor Peskin, on behalf of department.
Amendment of the Whole; same title.*

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020475 [Appropriation - City Attorney Affirmative Litigation Program]

Ordinance appropriating \$508,673 from the code enforcement settlement on 351 California Street and \$442,741 from the reserve for the Hanlon Arbitration Award, for a total of \$951,414, for the Affirmative Litigation Program in the City Attorney's Office in fiscal year 2001-02. (Controller)

(Fiscal impact.)

4/1/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kimon Manolius, Deputy City Attorney; Taylor Emerson, Mayor's Budget Office.

Amended on page 1, line 3, after "appropriating," and on page one, line 8, after "appropriated," by adding "retroactively."

AMENDED.

Ordinance appropriating, retroactively, \$508,673 from the code enforcement settlement on 351 California Street and \$442,741 from the reserve for the Hanlon Arbitration Award, for a total of \$951,414, for the Affirmative Litigation Program in the City Attorney's Office in fiscal year 2001-02. (Controller)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020468 [MOU Amendment No. 4, SEIU, AFL-CIO Locals 250, 535, and 790]

Ordinance adopting and implementing Amendment No. 4 to the 2000-2003 Collective Bargaining Agreement between the City and County of San Francisco and the Service Employees International Union, AFL-CIO, Locals 250, 535 and 790 by amending Article IV.D (Additional Compensation and Premium Pay) to provide for POST and/or Educational Premium pay for employees assigned to classification 2580 (Medical Examiner Investigator). (Human Resources Department)

3/26/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Employee Relations Division, Department of Human Resources; Supervisor Ammiano; Supervisor Peskin; Dr. Boyd Stephens, Medical Examiner; Lawana Preston, Local 790.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020486 [Supplemental Appropriation, Department of Elections]

Ordinance appropriating \$2,167,924 of the General Reserve to fund other current expenses, materials and supplies, and equipment for the Department of Elections for fiscal year 2001-02. (Finance Committee)

3/20/02, CONTINUED TO CALL OF THE CHAIR. Divided from File 020248.

3/20/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Edward Harrington, Controller; Joe Skeltar, Thrifty Rental Car. Continued to 5/8/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020494 [Parking Meter Management System]

Supervisor Ammiano

Resolution authorizing the Executive Director of the Department of Parking and Traffic to execute an agreement between the City and County of San Francisco and Serco Management Services, Inc. for a Parking Meter Management System.

(Fiscal impact.)

(Supervisor Daly dissenting in Committee.)

3/25/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Supervisor Peskin; Supervisor Daly; Fred Hamdun, Executive Director, Department of Parking and Traffic; Ted Lakey, Deputy City Attorney; Julia Dawson, Deputy Director, Administration and Finance, (DPT); Ed Harrington, Controller; David Frieders, Director, Department of Consumer Assurance.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, Ammiano

Noes: 1 - Daly

020495 [Certification of Lower Cost of Services]

Supervisor Ammiano

Resolution concurring with the Controller's certification that a proposed agreement with Serco Management Services, Inc. for a Parking Meter Management System which includes collection and coin counting services, can practically be performed by a private contractor for a lower cost than similar services performed by City and County employees.

(Fiscal impact; Companion measure to File 020494.)

(Supervisor Daly dissenting in Committee.)

3/25/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Supervisor Peskin; Supervisor Daly; Fred Hamdun, Executive Director, Department of Parking and Traffic; Ted Lakey, Deputy City Attorney; Julia Dawson, Deputy Director, Administration and Finance, (DPT); Ed Harrington, Controller; David Frieders, Director, Department of Consumer Assurance.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, Ammiano

Noes: 1 - Daly

The Chair will entertain a motion to continue consideration of the following items (Files 011178 and 011716) to a future meeting:

011178 [Motor Vehicle for Hire Permit Filing Fees and License Fees]

Ordinance amending Sections 2.26.1 and 2.27.1 of the Police Code to amend schedules for motor vehicle for hire permit filing fees and license fees. (Taxi Commission)

8/2/01, RECEIVED AND ASSIGNED to Finance Committee.

Speakers: None.

Continued to 5/8/02.

CONTINUED by the following vote:

Ayes: 2 - Peskin, Ammiano

Absent: 1 - Daly

011716 [Airport Trip Fee Pass Through]**Supervisors Daly, Newsom**

Ordinance amending the San Francisco Police Code by amending Article 16, Section 1135 (a) to allow taxicab drivers to collect a \$2.00 pass through fee from passengers when a trip fee is incurred at San Francisco International Airport. (Airport Commission)

9/24/01, RECEIVED AND ASSIGNED to Finance Committee.

Speakers: None.

Continued to 5/8/02.

CONTINUED by the following vote:

Ayes: 2 - Peskin, Ammiano

Absent: 1 - Daly

SPECIAL ORDER - 2:00 PM**020615 [Grant - Mayor's Office of Community Development]****Mayor**

Resolution approving the 2002 Community Development Program. Authorizing the Mayor, on behalf of the City and County of San Francisco, to accept and expend the City's 2002 Community Development Block Grant (CDBG) entitlement from the U. S. Department of Housing and Urban Development, and Program Income of \$33,722, 231 which include indirect costs of \$160,000, and approving expenditure schedules for recipient departments and agencies and for indirect costs. (Mayor)

4/17/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pamela David, Director, Mayor's Office of Community Development; Daryl Higashi, Director, Mayor's Office of Housing; Supervisor Peskin; Jon Pon (MOCD); Phil Ting, Chair, Advisory Committee on Community Development; Ann Cochrane, San Francisco Conservation Corp.; Niesha Brown; Charles Hargraves; Jeff Neider, Charity Cultural Service Center; Ed Tong, Asian Inc.; Mauro Tumbocon, West Bay Philipino Multiservice Center; Sam Kwong; Supervisor Daly; Olivia Chan; Jennifer Moxley, Bay Area Legal Aid; Supervisor Ammiano.

Amended by placing funds in the amount of \$175,510 on reserve.

AMENDED.

Resolution approving the 2002 Community Development Program. Authorizing the Mayor, on behalf of the City and County of San Francisco, to accept and expend the City's 2002 Community Development Block Grant (CDBG) entitlement from the U. S. Department of Housing and Urban Development, and Program Income of \$33,722,231 which include indirect costs of \$160,000, and approving expenditure schedules for recipient departments and agencies and for indirect costs; placing \$175,510 on reserve. (Mayor)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020616 [Grant - Emergency Shelter]**Mayor, Supervisor Newsom**

Resolution approving the 2002 Emergency Shelter Grants Program and Expenditure Schedule; and authorizing the Mayor on behalf of the City and County of San Francisco to accept, and expend an \$879,000 entitlement under the Emergency Shelter Grants Program from the U. S. Department of Housing and Urban Development. (Mayor)

4/17/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pamela David, Director, Mayor's Office of Community Development; Daryl Higashi, Director, Mayor's Office of Housing; Supervisor Peskin; Jon Pon (MOCD); Phil Ting, Chair, Advisory Committee on Community Development; Ann Cochrane, San Francisco Conservation Corp.; Niesha Brown; Charles Hargraves; Jeff Neider, Charity Cultural Service Center; Ed Tong, Asian Inc.; Mauro Tumbocon, West Bay Philipino Multiservice Center; Sam Kwong; Supervisor Daly; Olivia Chan; Jennifer Moxley, Bay Area Legal Aid; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020617 [Grant - HOME Program]**Mayor**

Resolution authorizing the Mayor of the City and County of San Francisco to accept and expend a grant from the U. S. Department of Housing and Urban Development for a total amount of \$7,865,000 for the Home Program authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, and approving the Home Program description as described in the 2002 Action Plan for San Francisco's Consolidated Plan. Indirect costs associated with the acceptance of these grant funds will be paid by the Community Development Block Grant funds. (Mayor)

4/15/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pamela David, Director, Mayor's Office of Community Development; Daryl Higashi, Director, Mayor's Office of Housing; Supervisor Peskin; Jon Pon (MOCD); Phil Ting, Chair, Advisory Committee on Community Development; Ann Cochrane, San Francisco Conservation Corp.; Niesha Brown; Charles Hargraves; Jeff Neider, Charity Cultural Service Center; Ed Tong, Asian Inc.; Mauro Tumbocon, West Bay Philipino Multiservice Center; Sam Kwong; Supervisor Daly; Olivia Chan; Jennifer Moxley, Bay Area Legal Aid; Supervisor Ammiano.

Amended by placing funds in the amount of \$20,000 on reserve.

AMENDED.

Resolution authorizing the Mayor of the City and County of San Francisco to accept and expend a grant from the U. S. Department of Housing and Urban Development for a total amount of \$7,865,000 for the Home Program authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, and approving the Home Program description as described in the 2002 Action Plan for San Francisco's Consolidated Plan. Indirect costs associated with the acceptance of these grant funds will be paid by the Community Development Block Grant funds; placing \$20,000 on reserve. (Mayor)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

ADJOURNMENT

The meeting adjourned at 5:22 p.m.

10.25
7
1/1/02

[Budget Analyst Report]
Susan Hom
Main Library-Govt. Doc. Section

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 25, 2002

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

APR 30 2002

SUBJECT: May 1, 2002 Finance Committee Meeting

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Item 2 - File 02-0535

Note: This item was continued by the Finance Committee at its meeting of April 24, 2002.

Department: Department of Human Resources (DHR)

Item: Ordinance fixing compensation levels for employees whose compensation is subject to the provisions of Section A8.409 of the Charter, in job classifications not represented by an employee organization, and establishing working schedules and conditions of employment and methods of payment for FY 2002-2003.

Description: The proposed ordinance would fix compensation levels and establish working schedules and conditions of employment for 59 classifications identified in Attachment I, consisting of a total of 137 employees not represented by an employee organization. Of these 137 employees, 31 are management employees designated as Z-class employees¹ and 106 are non-management employees. Such compensation levels, working schedules, and conditions of employment are set by ordinance annually for unrepresented employees. The proposed

¹ Z-class employees are executive, administrative, and professional employees that are exempt from overtime requirements under the Federal Fair Labor Standards Act (FLSA). Under the terms of the existing Compensation Ordinance for unrepresented employees, Z-class employees receive compensatory time off at the rate of one hour for each hour worked in excess of 40 hours per week.

ordinance is for the one-year period of July 1, 2002 through June 30, 2003.

The major changes in the proposed ordinance from FY 2001-2002 are as follows:

Wage Rates

The proposed ordinance would provide wage increases totaling 5% over the one-year period to all covered employees as follows:

<u>Effective Date</u>	<u>Percent Increase</u>
July 1, 2002	2.5 percent
January 4, 2003	<u>2.5 percent</u>
Total	5.0 percent

According to Ms. Alice Villagomez of DHR, the proposed 5 percent wage increase is identical to the wage increase for miscellaneous employees covered by the Memorandum of Understanding (MOU) between the City and the Municipal Executives Association (MEA) previously approved by the Board of Supervisors.

Internal Wage Adjustments

In addition to the total increase of five percent for all employees in FY 2002-2003, Class 1283 Director, Employee Relations Division² would receive an internal wage adjustment, effective July 1, 2002, as follows:

Classification		Number of Positions in Class	Proposed Internal Wage Adjustment, effective July 1, 2002	Annual Salary Rate per Position at Step Five (including 2.5 percent wage increase and not including Internal Wage Adjustment), effective July 1, 2002 ³	Annual Salary Rate per Position at Step Five, including Proposed Internal Wage Adjustment, effective July 1, 2002
1283	Director, Employee Relations Division	1	5%	\$124,399	\$130,619
AB44	Confidential Chief Attorney II	4	10.8%	\$154,576	\$171,270

² The Employees Relations Division is a division of the Department of Human Resources.

³ Employees covered by the proposed ordinance would receive a 2.5 percent wage increase on July 1, 2002. The total wage increase in FY 2002-2003 is 5.0 percent, including 2.5 percent on July 1, 2002, and 2.5 percent on January 4, 2003..

According to Ms. Alice Villagomez of DHR, in March of 2002, the DHR conducted a market wage study of Labor Relations Directors for the City of San Jose, the City of Fremont, the City of Oakland, Alameda County, Los Angeles County, San Diego County and Santa Clara County, as shown in Attachment III. DHR found that the salary for the 1283 Director, Employee Relations Division was 12 percent below the average of the surveyed cities and counties. Ms. Villagomez reports that the subject MOU, which includes a 7.5 total increase effective July 1, 2002 (2.5 percent wage increase, plus 5.0 percent internal wage adjustment) and a 2.5 increase effective January 4, 2003, for a total increase of 10 percent, would provide greater market parity for the Director, Employee Relations Division.

Additionally, the proposed ordinance would adjust the salary of the four AB44 Confidential Chief Attorney IIs to be 5 percent above the 8193 Chief Attorney I salary of \$163,164. According to Ms. Villagomez, class 8193 received a 7.5 percent internal wage adjustment in the MOU between the City and the Municipal Attorney's Association (MAA) previously approved by the Board of Supervisors, resulting in class 8193 receiving a higher rate of pay than the supervisory Confidential Chief Attorney II class.⁴

Severance Pay for Management Employees

The existing compensation ordinance for unrepresented employees does not provide for severance pay. The proposed ordinance contains a new provision for severance pay for management employees as follows:

- When a management employee covered by the ordinance is involuntarily removed or released from employment, such as a layoff, the employee receives 30 days notice prior to the final day of work, during which time they work their regularly scheduled days and receive their regular pay. If the management

⁴ The annual Step 5 rate of pay for class 8193 Chief Attorney I, effective July 1, 2002, is \$163,164, which is 5.6 percent greater than the Step 5 rate of pay for class AB44 Confidential Chief Attorney II, effective July 1, 2002, of \$154,576.

employee receives less than 30 days notice, the employee will be paid severance pay for the difference. For example, if the employee receives 15 calendar days notice prior to the final day of work, the employee will work their regularly scheduled days for 15 days and receive their regular rate of pay for the days worked. In addition, the employee would receive 15 days severance pay, totaling 30 calendar days.

- In addition to the above, when a management employee with 10 years or more service to the City is involuntarily removed or released from employment, the employee shall receive one month's severance pay in exchange for a written agreement to not file any claims against the City arising under the proposed ordinance, including a waiver of any rights the employee has to return to City employment.
- Under the Civil Service rules, a management employee who is involuntarily released from his or her position (such as a layoff) may have the right to return to a permanent position that he or she had held previously. Under the proposed ordinance, if the employee elects to separate from City Service instead of returning to a previously held permanent position, the employee would receive one month's severance pay in exchange for a written agreement to release any claims against the City, including a waiver of any rights the employee has to return to City employment.⁵

Ms. Villagomez reports that the proposed severance pay provisions for unrepresented management employees are identical to the severance pay provisions for the MEA MOU for comparable management positions. Ms. Villagomez notes that the severance pay provision would apply only to the 31 management employees covered by the proposed ordinance. As noted in Attachment II, provided by the Controller's Office, the Controller is unable to make a cost estimate of the proposed severance pay provision because the number of employees who will qualify for severance pay is unknown.

⁵ Under this provision, employees who are terminated involuntarily and who sign a written agreement to release claims against the City would receive one month's pay. As noted above, such employees would receive additional pay of up to 30 days, if the City gives less than 30 days notice prior to the last day of work.

According to Ms. Villagomez, by requiring an employee to waive all claims against the City in exchange for receiving severance pay, this provision would protect the City from lawsuits arising from the involuntary release or removal from City employment of an employee covered under the subject ordinance. Ms. Villagomez states, however, this release would not affect claims or rights which the employee may have independent of the subject ordinance, such as those covered by State or Federal law.

Ms. Villagomez also states that requiring an individual employee to waive the right to return to City employment allows the City greater flexibility when filling a vacant management position.

Call Back Provision

Under the existing ordinance, when a covered employee is called back to their work locations after completing the workday, the employee is paid for hours actually worked. The proposed ordinance would modify the existing call back provision by guaranteeing a minimum of four hours pay to covered employees called back to work. The Budget Analyst notes that under this proposal, employees who work less than four hours would receive a minimum of four hours pay, resulting in undetermined increased costs to the City. Management employees and employees who are on stand-by or who work at remote locations where City housing is supplied would not be covered by this call back provision.

Health and Welfare and Dental Coverage

The existing ordinance contains language that requires employees, who are covered under the City's health care coverage but who are not in active service for more than 12 weeks, to pay the Health Service System for the full premium cost of membership in the Health Service System. The proposed ordinance deletes this provision. Ms. Villagomez notes that this provision was deleted because it is already included in Administrative Code Section 16.701. According to Ms. Villagomez, deletion of this provision from the proposed ordinance would not result in increased costs to the City because this provision is included in the Administrative Code and employees

would continue to pay the full health care coverage premium after 12 weeks of inactive service.

Tuition Reimbursement

Under the proposed ordinance, the annual tuition reimbursement for classes which enhance an employee's work skills would increase from \$500 a year to \$700 a year, an increase of \$200 or 40 percent. The total allocation for the Tuition Reimbursement Program of \$10,000 for unrepresented employees would remain unchanged from the previous ordinance and all tuition reimbursement funds are subject to Board of Supervisors appropriation approval.

Special Educational Leave for Supervising Clinical Psychologists

The proposed ordinance contains a new provision granting special educational leave for Supervising Clinical Psychologists. Under the proposed ordinance, each regular full time or part time 2576 Supervising Clinical Psychologist, excluding as-needed employees, would be allowed the required number of hours of educational leave with pay for re-licensure to attend formally organized courses, institutes, workshops or classes to fulfill re-licensure requirements. Ms. Villagomez reports that clinical psychologists require 32 hours of such training biannually to meet re-licensure requirements. According to Attachment II, the Controller has not estimated a cost for this provision at this time.

Pilot Wellness Program

The proposed ordinance contains new language establishing a pilot wellness program as an incentive to decrease the use of sick leave. Under the pilot wellness program, the employee would be able to receive a cash payment upon retirement for unused sick leave, based upon the employee's salary rate and years of service. The program enables covered employees to receive 2.5 percent of accrued sick leave credits times the number of whole years of continuous years of service times the employee's salary rate upon retirement. Under the proposed ordinance, the employee could not receive more than 1,040 hours in such sick leave credits.

Comment:

As shown in the attached memorandum (Attachment II) provided by Ms. Pamela Levin of the Controller's Office, implementing the proposed ordinance would result in total estimated additional costs of \$678,466 to the City in FY 2002-2003. The Budget Analyst concurs with the Controller's cost estimate. However, it should be noted that the proposed ordinance would result in unknown increased costs for severance pay, call back pay, and special education leave for Supervising Clinical Psychologists.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

ATTACHMENT A001 = Miscellaneous Unrepresented Jobcodes002 = Management Unrepresented Jobcodes

1130	Youth Comm Advisor, Bd of Sprv	001
1229	Special Examiner	001
1437	Shelter Office Asst Supv	001
1766	Media Production Tech	001
1767	1767 Media Programming Spec	001
1769	Media Production Supv	001
1942	Asst Materials Coordinator	001
2325	Nurse Midwife	001
2561	Optometrist	001
2576	Sprv Clinclal Psychologist	001
2782	Laundrv Superintendent	001
3238	Dance Instructor	001
3246	Pianist	001
3248	Technical Inst.Assist.-Pianist	001
3376	Animal Care Asst Supv	001
3378	Field Svcs Asst Supv	001
3438	Tree Topper Supervisor 2	001
3650	Medical Records Librarian	001
5502	Project Manager 1	001
5504	Project Manager 2	001
5506	Project Manager 3	001
5640	Environmental Spec	001
5642	Sr. Environmental Spec	001
8168	Parking Hearing Supervisor	001
8222	Housing Authority Police Ofc	001
8247	Emergency Planning Coordinator	001
8263	Crime Lab Mgr	001
8282	Sr Environ Control Off	001
8446	Court Alternative Specialist 1	001
9914	Public Service Aide-Admin	001
9916	Public Svc Aide-Public Works	001
9920	Publ Svc Aide-Asst to Prof	001
9922	PS Aide to Prof	001
AB27	Sctrv. Comm on the Environment	001
AC24	Secretary to Port Commission	001
AC28	Chief Forensic Pathologist	001
AC34	Project Analvst	001
AC35	Bd/Comm Secretary 3	001
1156	Director of Environment	002
1283	Dir Emp Relations Div	002
1293	Human Resources Director	002

1	<u>1849</u>	<u>Prog Mgr. Bus & Econ Develop</u>	<u>002</u>
	<u>2142</u>	<u>Reimbursement Mgr. CHN</u>	<u>002</u>
	<u>2953</u>	<u>Chief Deputy Director, DHS</u>	<u>002</u>
2	<u>2978</u>	<u>Contract Compliance Officer 2</u>	<u>002</u>
	<u>3234</u>	<u>Marina Manager</u>	<u>002</u>
3	<u>5508</u>	<u>Project Manager 4</u>	<u>002</u>
	<u>8137</u>	<u>Chf Victim/Witness Invstgtr</u>	<u>002</u>
4	<u>8232</u>	<u>Dir of Museum Security Svcs</u>	<u>002</u>
	<u>9251</u>	<u>Public Relations Mgr</u>	<u>002</u>
5	<u>A006</u>	<u>Parking Bureau Chief</u>	<u>002</u>
	<u>AB44</u>	<u>Cfdntal Chf Atty 2.(Cvl&Crmnl)</u>	<u>002</u>
6	<u>AC27</u>	<u>Dir. of Airfield Development</u>	<u>002</u>
	<u>AC30</u>	<u>Dir of Museum Security Svcs</u>	<u>002</u>
7	<u>AC33</u>	<u>Ethics Comm Executive Director</u>	<u>002</u>
	<u>AC36</u>	<u>Deputy Director Admin Svcs</u>	<u>002</u>
8	<u>AC37</u>	<u>Principal Area Manager</u>	<u>002</u>
	<u>AC38</u>	<u>Assistant Superintendent, Rec</u>	<u>002</u>
9	<u>AC39</u>	<u>Manager, Marina Operations</u>	<u>002</u>



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
Controller

April 11, 2002

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: File Number 020535
Ordinance Fixing Compensation for Unrepresented Employees for the Period July 1, 2002
through June 30, 2003

Dear Ms. Young,

In accordance with Ordinance 92-94, I am submitting a cost analysis of the Ordinance Fixing Compensation for Unrepresented Employees. The Ordinance covers the period of July 1, 2002 through June 30, 2003, and affects 133 budgeted positions with an overall pay and benefits base of approximately \$10.5 million and a salary base of approximately \$9.1 million.

Based on our analysis, the Ordinance will result in incremental costs of approximately \$678,000 in FY 2002-2003. The Ordinance will result in cost increases of approximately 6.5% above the overall pay and benefits base (approximately 7.5% above base salaries) in FY 2002-2003. Please see Attachment A for specific cost estimates.

In addition to the wage and benefit provisions in Attachment A, the Ordinance provides for special educational leave for jobcode 2576 Supervising Clinical Psychologist. This provision may result in overtime costs for those employees who are backfilled and in lost productivity for non-backfilled employees; however, we have not estimated a cost for this provision at this time. Also, the Ordinance provides for a one-month severance pay as a result of an involuntary separation or a change of status from exempt to permanent status for management unrepresented employees with exempt status. Since it is unknown how many employees will qualify for this pay, we do not have an estimate cost at this time. In addition, if the City chooses to make Cesar Chavez day a paid holiday during the upcoming fiscal year, there may be additional overtime and lost productivity costs for the unrepresented employees.

If you have any additional questions or concerns please contact me at 554-7500 or Pamela Levin of my staff at 554-7554.

Sincerely,

Edward M. Harrington
Controller

cc: Alice Villagomez, ERD
Harvey Rose, Budget Analyst

Attachment A
Unrepresented Employees
Estimated Costs FY 2002-2003
Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2002-2003</u>
Wage Increase	
2.5% on July 1, 2002, 2.5% on January 4, 2003	\$431,559
Wage Adjustments	
<u>Jobcode 1283 Director, Employee Relations Division</u>	6,298
5% Increase effective 7/1/02	
<u>Special wage differential - AB44 (5% above 8193)</u>	67,820
Jobcode AB44 Confidential Chief Attorney II	
Jobcode 8193 Chief Attorney I (Civil and Criminal)	
Pilot Wellness Program¹	
2.5% of Accrued Sick Leave Effective July 1, 2002	95,673
Wage-Related Fringe Increases	<u>77,116</u>
Total Estimated Incremental Costs	<u><u>\$678,466</u></u>
Incremental Cost % of 2001-2002 Total Pay & Benefits	6.5%
Incremental Cost % of Base Salary	7.5%

1 According to Controller's Office analysis, there are a total of 10 eligible retirees by the end of FY03. Our costing is based on the assumption that only 2 out of the 10 eligible employees will retire in FY03.

Labor Relations Director Survey March 28, 2002

Agency	BM MAX Salary	EPMG 0.00%	Total
City of San Jose	6791	0.00%	6791
City of Fremont	4581	0.00%	4581
City of Oakland	4662	7.00%	4988
Alameda Co.	4628	0.00%	4628
LA Co.	5537	0.00%	5537
San Diego Co.	5360	9.50%	5869
Santa Clara Co.	5625	7.00%	6019
Average of Max Rates	5312		5488
San Francisco	4650	7.50%	4999
SF Compared to the Average	-12%		-9%

Item 3 - File 02-0475

Department: City Attorney

Item: Ordinance appropriating \$508,673 from Code Enforcement Settlement proceeds pertaining to Fire Code violations at 351 California Street and \$442,741 from the Reserve for the Hanlon Arbitration Award, for a total of \$951,414, for the Affirmative Litigation Program in the City Attorney's Office.

Amount: \$951,414

Source of Funds:	<u>Amount</u>
Code Enforcement Settlement (see Comment No. 1)	\$508,673
Reserve for Hanlon Arbitration Award (see Comment No. 2)	<u>442,741</u>
Total	\$951,414

Description: The \$951,414 would be expended by the City Attorney for the following Affirmative Litigation Program issue areas:

- \$122,645 for Energy Litigation, including \$37,253 for the Energy Producers Lawsuit and \$85,392 for the Pacific Gas & Electric Corporate parent Lawsuit;
- \$30,707 for litigation pertaining to lead paint manufacturers;
- \$426,092 related to the Pacific Gas & Electric bankruptcy and reorganization proceedings;
- \$371,970 for Gun Litigation.

Attachment I is a memorandum from Mr. Kimon Manolius of the City Attorney's Office explaining the nature of the above-listed Affirmative Litigation matters.

According to Ms. Martie Moore of the City Attorney's Office, the FY 2001-2002 budget, as previously approved by the Board of Supervisors, funded only six months, or \$950,000 from July 1, 2001 to December 31, 2001 for the City Attorney's Affirmative Litigation Program, pending election of a new City Attorney, in order to allow a new City Attorney to review the program, establish

affirmative litigation priorities and then request a supplemental appropriation to fund those priorities.

Proposed Budget: The requested supplemental appropriation of \$951,414 for the City Attorney's Affirmative Litigation Program would be expended as follows:

	<u>Amount</u>
Energy Litigation	
City Attorney Personnel	
– Energy Producers Lawsuit	\$37,253
City Attorney Personnel	
– Pacific Gas & Electric Corp. Lawsuit	<u>85,392</u>
Subtotal Energy Litigation	\$122,645
Lead Paint Litigation	
City Attorney Personnel	30,707
Pacific Gas & Electric's Bankruptcy	
City Attorney Personnel	196,092
Outside Counsel	220,000
Miscellaneous Expenses	<u>10,000</u>
Subtotal Pacific Gas & Electric's Bankruptcy	\$426,092
Gun Litigation	
City Attorney Personnel	315,245
City Share of Group Costs	52,000
City Cost for Depositions	4,000
Miscellaneous Expenses	<u>725</u>
Subtotal Gun Litigation	\$371,970
Total	\$951,414

Attachment II to this report provides budget details for for the proposed \$951,414 in expenditures summarized above regarding City Attorney personnel, including hours and hourly rates, and Outside Counsel and other Expenses.

Comments: 1. Ms. Moore reports that the Code Enforcement Settlement of \$508,673 was paid to the City by the property owner at 351 California Street for penalties for Fire Code violations. Therefore, Ms. Moore states, the City Attorney proposes using the \$508,673 in settlement monies for the City Attorney's Affirmative Litigation Program.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. The Hanlon Arbitration Award granted salary increases for Municipal Attorney Association personnel as part of the Municipal Attorney Association Memorandum of Understanding previously approved by the Board of Supervisors for the two year period July 1, 2001 to June 30, 2003. According to Mr. Ben Rosenfield, the Mayor's Budget Director, \$2.3 million was appropriated in the FY 2001-2002 budget as a designated reserve for Municipal Attorney Association salary increases. Mr. Rosenfield further states that \$900,000 of the \$2.3 million reserve was designated for the estimated costs of the salary increases for attorneys in the City Attorney's Office in accordance with the Memorandum of Understanding between the Municipal Attorneys Association and the City for Fiscal Year 2001-2002. Mr. Rosenfield reports that the City Attorney's Office was able to absorb all of the FY 2001-2002 salary increases in the City Attorney's FY 2001-2002 budget. Therefore, the City Attorney is requesting \$442,741 of the \$900,000 portion of the Hanlon reserve set aside for the City Attorney's Office for FY 2001-2002 for salary increases.

3. According to Mr. Manolius, the City Attorney's Office has already expended \$426,063 of this subject request of \$951,414 as of March 31, 2002. Mr. Manolius states that the City Attorney's Office expended such funds prior to receiving Board of Supervisors approval of this subject request because, as stated in Attachment III, "The Mayor and the Board of Supervisors always contemplated funding the Affirmative Litigation Program for the second half of the fiscal year."

4. Attachment IV, provided by the City Attorney's Office contains expenditures totaling \$1,376,063 for the City Attorney's Affirmative Litigation Program for FY 2001-2002 through March 31, 2002, including an amount of \$950,000 which was previously appropriated by the Board of Supervisors in the City Attorney's FY 2001-2002 budget and the additional \$426,063 already expended from this subject request of \$951,414.

5. As a result of the City Attorney's Office having expended \$426,063 of the subject request for the Affirmative Litigation Program without first obtaining Board of Supervisors approval, such expenditures are retroactive.

Recommendations:

1. Amend the proposed supplemental appropriation ordinance to provide for retroactivity, in accordance with Comment No. 5 above.
2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO



DENNIS J. HERRERA
City Attorney

OFFICE OF THE CITY ATTORNEY

KIMON MANOLIUS
Chief Counsel

DIRECT DIAL: (415) 554-6708
E-MAIL: kimon_manolius@ci.sf.ca.us

April 25, 2002

TO: HARVEY ROSE
Budget Analyst

FROM: KIMON MANOLIUS
Chief Counsel

DATE: April 25, 2002

RE: Supplemental Appropriation for Affirmative Litigation for Jan. 1 to June 30, 2002:
Issues and Objectives for Affirmative Litigation requested by Ms. Graham.

Sarah Graham asked that I provide you with a memorandum explaining the issues and objectives for specific affirmative litigation matters encompassed in our Supplemental Appropriation request for Affirmative Litigation for the time period January 1 to June 30, 2002. Below you will find a brief narrative on each matter.

Energy Litigation

San Francisco sued PG&E Corporation in February 2002, charging it with engaging in unfair and illegal business practices that drove its subsidiary, Pacific Gas and Electric Company, into bankruptcy. The suit, filed in San Francisco Superior Court, asks PG&E Corp. to return as much as \$5 billion to ratepayers, including \$4.6 billion in illegally paid dividends and stock purchases and \$663 million in inflated tax payments made by the utility to its parent. It also seeks penalties. The suit follows a similar action filed in January 2002 by California Attorney General Bill Lockyer.

Energy Producers Litigation

San Francisco also continues to prosecute its lawsuit against 13 companies that produce California's energy supply, charging that they artificially manipulated supplies to keep prices high. The suit, filed in January 2001, and since joined by the city of Oakland, is pending in San Diego Superior Court. It charges the companies with violating the California Unfair Competition Act by conspiring to restrict supplies and drive up prices. It seeks a halt to anti-competitive behavior and the return of up to \$1 billion in illegal profits to consumers.

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Memorandum to Harvey Rose
Page 2
April 25, 2002

PG&E Bankruptcy

In addition to these two energy lawsuits, San Francisco has taken a leading role in coordinating the response of local governments statewide to the PG&E bankruptcy. Our deputy city attorneys have been involved in briefing the court both orally and in writing on the legal rights of public entities and in negotiating coordinated legal action with other municipalities.

The PG&E matter is a complex bankruptcy matter in which the City has a variety of interests that our office seeks to protect. In addition to its interests as a power supplier, the City is a creditor in that it collects property, utility user, and business taxes from PG&E. The City also has contractual relationships with PG&E such as franchise agreements, agreements for undergrounding, and numerous indemnification agreements. Finally, the City must participate actively in the bankruptcy to ensure that the citizens and consumers of San Francisco are protected and pay appropriate rates for their power.

Lead Paint Litigation

San Francisco continues to prosecute its case against lead paint manufacturers. San Francisco and Oakland joined this Santa Clara County lawsuit in January 2001. The suit calls lead poisoning a "preventable epidemic" in which thousands of Bay Area children are struck every year with brain damage and physical deformities as a result of lead poisoning. It charges eight lead paint manufacturers and an industry trade group with fraud and negligence in violation of state product liability law. Paint manufacturers have known as early as 1904 about the dangers associated with lead paint and have deliberately hidden that knowledge. San Francisco seeks money to clean up public property as well as a court order requiring the companies to correct existing hazards and to issue safety warnings to consumers. Santa Cruz, Solano, and Alameda counties have also joined Santa Clara, San Francisco, and Oakland as plaintiffs.

Gun Litigation

San Francisco continues to prosecute its lawsuit against the gun industry. Filed in May 1999, the lawsuit charges handgun makers with unfair and deceptive business practices including promoting illegal sales intended to put guns in the hands of criminals. Joining San Francisco in the suit are Sacramento, Oakland, Berkeley, and the counties of Alameda and San Mateo. In a coordinated statewide action, Los Angeles filed a similar suit joined by the cities of Compton and West Hollywood.

The purpose of the suit is to compel gun makers to share responsibility for protecting the public health from the unsafe use of handguns and assault weapons much as every other industry, from aspirin makers to car companies, is legally obligated to do. The suit names three industry

Memorandum to Harvey Rose
Page 3
April 25, 2002

trade associations, 28 gun manufacturers, and seven distributors based in the United States and abroad. It charges the defendants with the following counts:

- Creating an illegal secondary market for gun purchases,
- Designing guns to appeal to criminals,
- Increasing production to meet illegal demand,
- Evading federal and state gun control legislation,
- Manufacturing and selling defective and unsafe guns, and
- Making false claims about the safety of their product.

The suit seeks a court order directing the industry to correct unlawful and unsafe business practices and to pay penalties. It also asks the court to direct manufacturers to incorporate safety features into gun design to prevent the unauthorized use of guns stemming the flow of weapons into the illegal market.

If you have any further questions, or require further information, please do not hesitate to contact me at (415) 554-6708. Your assistance on these matters is most appreciated.

City Attorney
Affirmative Litigation Supplemental Budget
Energy Litigation
FY 2002 (January 1 - June 30)

Energy Producer Lawsuit

1/1/02 to 3/1/02 (9 wks) - Status Conference 3/4/02

Cls-Stp	% FT	Hrs	Rate	Amt	
8180-5	5%	16.2	\$ 182	\$ 2,948	
8180-5	5%	16.2	\$ 182	\$ 2,948	
8181-5	5%	16.2	\$ 194	<u>\$ 3,143</u>	\$ 9,040

3/4/02 to 6/30/02 (17 wks) - briefing & hearings

Cls-Stp	% FT	Hrs	Rate	Amt	
8180-5	10%	61.2	\$ 182	\$ 11,138	
8180-5	10%	61.2	\$ 182	\$ 11,138	
8181-5	5%	30.6	\$ 194	<u>\$ 5,936</u>	\$ 28,213

Estimate for FY 2002 (January 1 - June 30) \$ 37,253

Note: Stays and procedural matters slowed litigation in FY 2002

PG&E Corp Lawsuit

2/1/02 to 6/30/02 (20 wks)

Cls-Stp	% FT	Hrs	Rate	Amt	
8176-5	40%	288.0	\$ 157	\$ 45,216	
8180-5	20%	144.0	\$ 182	\$ 26,208	
8181-5	10%	72.0	\$ 194	<u>\$ 13,968</u>	

Estimate for FY 2002 (January 1 - June 30) \$ 85,392

FT= 936 Hrs

Source: City Attorney's Office

City Attorney
Affirmative Litigation Supplemental Budget
Lead Paint Litigation Budget
FY 2002 (January 1 - June 30)

Cls-Stp	% FT	Hrs	Rate	Amt
8178-6	10%	93.60	\$ 159.15	\$ 14,896
8176-6	5%	46.80	\$ 153.34	\$ 7,176
8181-5	5%	46.80	\$ 184.49	\$ 8,634
				<u>\$ 30,707</u>

FT=	936	Hrs
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City Attorney
Affirmative Litigation Supplemental Budget
PGE Bankruptcy Budget
FY 2002 (January 1 - June 30)

1/1/02 to 6/30/02

Class	% Time	Hours	Rate	Amount	
8180-5	40%	374.40	\$ 182	\$ 68,141	
8180-5	40%	374.40	\$ 182	\$ 68,141	
8180-5	25%	234.00	\$ 182	\$ 42,588	
8180-6	10%	93.60	\$ 184	<u>\$ 17,222</u>	\$ 196,092

Outside Counsel

Sulmeyer Kupetz (500 hrs @ \$295)	\$ 147,500	
James Mori & Assoc (144 hrs @ \$195)	\$ 28,080	
County Counsel share	<u>\$ 44,420</u>	\$ 220,000

Expenses (record copying, court fees, messengers, expense reimbursement for travel to hearings)	<u>\$ 10,000</u>
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Estimate for FY 2002 (January 1 - June 30)

\$ 426,092

FT=	936	Hrs
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City Attorney
Affirmative Litigation Supplemental Budget
Gun Litigation Budget
FY 2002 (January 1 - June 30)

Estimate 1/1/02 to 6/30/02

	% Time	Hours	Rate	Amount	
8181-5	20%	187.2	\$194	\$36,317	
8178-6	25%	234.0	\$170	\$39,780	
8180-5	65%	608.4	\$182	\$110,729	
8178-6	10%	93.6	\$170	\$15,912	
8151-4	70%	655.2	\$126	\$82,555	
8151-5	25%	234.0	\$128	<u>\$29,952</u>	\$315,245

City Share of group costs

(experts, document production,
deposition transcripts, database
and document management, etc.) \$52,000

City cost for depos \$4,000

City cost - copies, misc. \$725 \$56,725

Estimate for FY 2002 (January 1 - June 30) \$371,970

FT=	936	Hrs
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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



DENNIS J. HERRERA
City Attorney

KIMON MANOLIUS
Chief Counsel

DIRECT DIAL: (415) 554-6708
E-MAIL: kimon_manolius@ci.sf.ca.us

April 25, 2002

TO: HARVEY ROSE
Budget Analyst

FROM: KIMON MANOLIUS
Chief Counsel

DATE: April 25, 2002

RE: City Attorney's Supplemental Appropriation Request for Affirmative Litigation
for January 1 to June 30, 2002.

The purpose of this memorandum is to address Sarah Graham's request for a memorandum explaining the timing of the City Attorney's Supplemental Appropriation Request for Affirmative Litigation for the period January 1 to June 30, 2002.

As you know, in last year's budget process, the Mayor's Office recommended and the Board of Supervisors funded the City Attorney's Affirmative Litigation Program for only the first six months of the fiscal year through December 31, 2001. With Louise H. Renne's departure, the Mayor's Office expressed its desire for the City Attorney's Office to make a supplemental budget request for the remainder of the fiscal year after the new City Attorney took office. The Board of Supervisors funded the City Attorney's Affirmative Litigation initiative in the amount of \$950,000 for the time period July 1, 2001 through December 31, 2001.

The Mayor and the Board of Supervisors always contemplated funding the Affirmative Litigation Program for the second half of the fiscal year. They anticipated our submission of Supplemental Appropriation Request to fund ongoing affirmative litigation matters such as the suits against PG&E, against other energy producers, against the gun industry, and the City's participation in PG&E's bankruptcy.

The new City Attorney took office on January 9, 2002. With the help of the Mayor's Office, we prepared the supplemental request that both the Mayor and the Board anticipated. The City Attorney's Office submitted that request to the Mayor's Office on February 19, 2002.

If you have any further questions, or require further information, please do not hesitate to contact me at (415) 554-6708. Your assistance on these matters is most appreciated.

City Attorney
Affirmative Litigation Expenditure Information
7/1/01 to 3/31/02

Matter	Hours	Amount	Costs	Total	\$950,000 time	\$950,000 cost	Time Over	Cost Over
Dynegy (011034)	285	\$ 52,082	\$ 4,532	\$ 56,614	\$ 131,416			
PG&E Corp (021016)	209	\$ 37,203	\$ 93	\$ 37,296				
Energy Subtotal	494	\$ 89,286	\$ 4,625	\$ 93,910	\$ 131,416		\$ (42,130)	\$ 4,625
PG&E Bankruptcy (011444)	1440	\$ 255,086	\$ 223,502	\$ 478,588	\$ 139,234	\$ 132,500	\$ 115,852	\$ 91,002
Lead Paint (001394)	222	\$ 37,616	\$ 1,728	\$ 39,344	\$ 27,487		\$ 10,129	\$ 1,728
Gun Litigation	4142	\$ 661,490	\$ 102,730	\$ 764,221	\$ 459,363	\$ 60,000	\$ 202,127	\$ 42,730
7/1/01 to 3/31/02		\$	\$ 337,209	\$ 1,376,063	\$ 757,500	\$ 192,500	\$ 285,978	\$ 140,085

Billing Rate Is	
70%	Salary
16%	Fringe
14%	Curr Exp
	Costs
	\$ 140,085

Total Over \$950,000 \$ 426,063

Source: City Attorney's Office

Item 4 - File 02-0468

Department: Department of Human Resources

Item: Ordinance adopting and implementing Amendment No. 4 to the FY 2000-2003 Collective Bargaining Agreement between the City and County of San Francisco and the Service Employees International Union, AFL-CIO, Locals 250, 535 and 790 by amending Article IV.D (Additional Compensation and Premium Pay) to provide for POST Premium pay for employees assigned to classification 2580 (Medical Examiner Investigator).

Description: In June of 2000, the Board of Supervisors approved a MOU (File 00-0991) with the Service Employees International Union (SEIU) Locals 250, 535 and 790, for the three-year period from July 1, 2000 through June 30, 2003. The existing MOU covers 431 classifications comprising a total of 11,082 employees.

The proposed ordinance would be an amendment to the existing MOU and, if approved, would take effect July 1, 2002. The subject amendment would affect 12 budgeted positions by inserting a new provision to provide for premium pay for 2580 Medical Examiner Investigators who hold an intermediate or advanced Peace Officers Standards and Training (POST) certificate. As noted in the attached memorandum (Attachment I), provided by Ms. Alice Villagomez of the Department of Human Resources (DHR), the POST certificate is a State accredited educational and training program for peace officers. Ms. Villagomez states that 2580 Medical Examiner Investigators hold peace officer status and, similar to other peace officer status employees within the City, are encouraged to secure additional education and training accredited by POST. Such employees that hold an intermediate POST certificate would receive a four percent premium. Employees holding an advanced POST certificate would receive a six percent premium.

The proposed ordinance, which would take effect July 1, 2002, would provide premium pay as follows:

<u>POST Certificate</u>	<u>POST Premium (Above Base Pay)</u>	<u>Annual Salary Rate per Position at Step Five, effective July 1, 2002</u>	<u>Annual Salary Rate per Position at Step Five, including Proposed Premium Pay Adjustment, effective July 1, 2002</u>
Intermediate	4%	\$70,694	\$73,522
Advanced	6%	\$70,694	\$74,936

According to Ms. Villagomez, an employee with an advanced POST certificate cannot also receive a four percent pay premium for an intermediate POST certificate.

Comments:

1. According to Ms. Villagomez, the subject amendment to the existing MOU is proposed in order to recruit and retain experienced and knowledgeable staff. Ms. Villagomez reports that the subject amendment is similar to POST premium pay provisions in the District Attorney Investigators Association MOU, the Deputy Sheriffs Association MOU and the Municipal Executives' Association (MEA) MOU.

2. As shown in the attached memorandum (Attachment II), provided by Ms. Pamela Levin of the Controller's Office, implementing the proposed ordinance will result in approximately \$58,400 of incremental costs to the City in FY 2002-2003, which is the last year of the existing three-year MOU between the City and the SEIU, Locals 250, 535 and 790. The Controller's cost estimate is based on the assumption that all 12 budgeted 2580 Medical Examiner Investigators would qualify for the six percent POST Premium. Ms. Villagomez advises that the City will negotiate a new MOU with SEIU, Locals 250, 535 and 790 during FY 2002-2003 and it is anticipated that the subject POST premium would be included in future MOUs.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

City and County of San Francisco



Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

April 17, 2002

TO: Harvey Rose
Budget Analyst

FROM: Alice Villagomez
Deputy Director, ERD

A handwritten signature, likely of Alice Villagomez, consisting of a stylized 'A' followed by a checkmark-like flourish.

RE: SEIU MOU Amendment No. 4

SEIU MOU Amendment No. 4, effective July 1, 2002, extends to employees in Class 2580 Medical Examiner Investigator an additional premium of 4% and 6% respectively, for possession of an intermediate and or advanced POST certificate.

Class 2580 employees hold peace officer status and similar to other peace officer status employees within the City are encouraged to secure additional education and training accredited by the State's Peace Officers Standards and Training Program. The City already extends this additional premium to District Attorney Investigators and to Deputy Sheriffs.

The Medical Examiner has recommended this premium based on the specialized skills and nature of the assignments of the medical examiner investigators within San Francisco and in order to recruit and retain experienced and knowledgeable staff.

Unless, otherwise negotiated differently, this premium is likely to continue in future MOUs.

The Medical Examiner advises that funds have been identified in the Department's budget to fund the cost of this additional premium.

cc: Dr. Boyd Stephens, Medical Examiner

Edward Harrington
Controller

April 5, 2002

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: File Number 020468
Amendment No. 4 to the 2000 – 2003 Memorandum of Understanding (MOU) with the Service
Employees International Union, AFL-CIO, Locals 250, 535 and 790

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the 2000 – 2003 Memorandum of Understanding between the City and County of San Francisco and the Service Employees International Union, AFL-CIO, Locals 250, 535 and 790. Amendment No. 4 covers the period of the current MOU, July 1, 2000 through June 30, 2003, and affects 12 budgeted positions with an overall salary base of approximately \$816,000.

The amendment provides for POST and/or Educational Premium pay for employees assigned to classification 2580 (Medical Examiner Investigator) by amending Article IV.D, Additional Compensation and Premium Pay. According to our analysis, the amendment will result in an incremental cost of approximately \$58,400 in FY 2002-2003. The amendment will result in a cost increase of approximately 6.9% above base salary in FY 2002-2003. Our analysis is based on the assumption that all employees under classification 2580 qualify for the maximum premium of 6%. However, the actual number of employees who qualify for the 6% premium could be lower which may result in an incremental cost lower than our current estimate. Please see Attachment A for specific cost estimates.

If you have any additional questions or concerns please contact me at 554-7500 or Pamela Levin of my staff at 554-7554.

Sincerely,

Edward M. Harrington
Controller

cc: Alice Villagomez, ERD
Harvey Rose, Budget Analyst

Attachment A

SEIU Locals 250, 535 and 790 - Amendment No. 4 to 2000-2003 MOU

Estimated Costs FY 2002-2003

Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2002-2003</u>
Additional Compensation and Premium Pay	
<u>Classification 2580 Medical Examiner Investigator</u>	
POST and/or Educational Premium Pay **	50,669
Wage-Related Fringe Increases	<u>7,727</u>
Total Estimated Incremental Costs	<u><u>\$58,396</u></u>
Incremental Cost % of Salary Base	6.9%

**

Assuming all employees assigned to Classification 2580 qualify for 6% premium.

Item 5 - File 02-0486

Department: Department of Elections

Item: Supplemental appropriation ordinance for \$2,167,924 from the General Fund Reserve to fund other current expenses, materials and supplies and equipment for the Department of Elections.

Amount and

Source of Funds: \$2,167,924 General Fund Reserve

Budget:	Professional and Specialized Services Contracts	\$226,641
	Maintenance - Buildings & Improvements	3,279
	Maintenance Equipment Contract	228,393
	Rents & Leases – Bldgs & Structures	47,157
	Rents & Leases – Equipment	269,431
	Other Current Expenses	861,159
	Judgements – Legal Fees	11,652
	Taxes, Licenses and Permits	1,347
	Materials and Supplies	52,433
	Equipment Loan Payment	374,767
	Interdepartmental Recoveries	<u>91,665</u>
	Total	\$2,167,924

Description: The proposed supplemental appropriation request for \$2,167,924 would appropriate additional General Fund Reserve funds for the Department of Elections to cover various non-personnel expenses. As shown above in the Budget, the total requested \$2,167,924 of additional funds would be used for various contracts, maintenance, leases, equipment, materials and supplies and various other current expenses. In general, these additional expenses were incurred by the Department of Elections due to (a) greater than anticipated expenses in the November of 2001 election, (b) a December of 2001 run-off election¹ for the City Attorney's Office for which funds were not included in the FY 2001-2002 budget (c) additional expenses resulting from Proposition E, which included the establishment of a

¹ See Attachment I which identifies \$1,947,834 of costs associated with the December of 2001 City Attorney run-off election. Of the total \$1,947,834, an estimated \$1,141,926 was for personnel expenses, which were funded through the previous supplemental appropriation (File 02-0248) and an estimated \$805,908 was for non-personnel related expenses, which is the subject of the proposed supplemental appropriation.

new Elections Commission to oversee the Department of Elections and which was approved in November of 2001, and (d) greater than anticipated expenses in the March 5, 2002 election.

On March 20, 2002, the Finance Committee heard a \$5,658,870 supplemental appropriation request from the Department of Elections (File 02-0248). At that time, the Finance Committee divided the subject request into personnel expenses (\$3,490,946) and non-personnel expenses (\$2,167,924). The Finance Committee then reduced the requested \$3,490,946 portion of the personnel expenses for Temporary Salaries and related fringe benefits by \$318,939 and approved a supplemental appropriation of \$3,172,007 for personnel-related expenses for the Elections Department. The remaining \$2,167,924 of the supplemental appropriation that related to non-personnel expenses, is now being requested in the subject File 02-0486.

Specifically, the Department is requesting the following:

Professional and Specialized Services Contracts (\$226,641)

As previously reported, the Department has expended \$329,176 of the budgeted \$377,408 for professional and specialized services. However, the Department anticipates incurring a total of \$604,049 for such expenses during the current fiscal year, which is \$226,641, or 60 percent more than the amount budgeted.

	Actual Expenses (thru <u>Budget</u>	Total Projected Expenses (thru 6/30/02)	Projected Surplus (Deficit)
	<u>2/15/02</u>		
\$377,408	\$329,176	\$604,049	\$226,641

According to Mr. Ara Minasian of the Department of Administrative Services, the additional \$226,641 results primarily from (a) three contracts for a total of \$120,000 for public relations and communication services and (b) one contract for a total of approximately \$100,000 for an elections consultant to assist the Department. Therefore a total of \$220,000 of public relations and consulting contracts were awarded. The three public relations and

communications consultant contracts, their contractual dates, hourly rates, and total estimated costs are: (1) Melissa A. Mooney dba M2PR, hired from October 15, 2001 through November 15, 2001, at a rate of \$125 per hour for a total of 140 hours, plus additional charges, for a total of up to \$20,000; (2) Cynthia A. MacKenzie, hired from November 19, 2001 through March 31, 2002, at a rate of \$140 per hour for a total of 320 hours, plus additional charges, for a total of up to \$50,000; and (3) MacKenzie Communications, Inc., hired from November 30, 2001 through March 31, 2002, at a rate of \$225 per hour for a total of 200 hours, plus additional charges for a total of up to \$50,000. Additionally, Mr. Minasian advises that in August of 2001, the Chief Administrative Officer hired Mr. Bill Jackson, who is retired from the San Mateo County Department of Elections, as a technical elections consultant to assist the Department at a maximum cost of \$100,000. According to Mr. Minasian, to date, Mr. Jackson has been paid \$84,000 and has submitted invoices for the remaining \$16,000 (see Comment No. 2).

Maintenance - Buildings & Improvements (\$3,279)

The Department did not budget any funds in FY 2001-2002 for the building and improvement maintenance services. Mr. Minasian advises that the requested \$3,279 is for the costs to pay for maintenance of the elevator at 240 Van Ness Avenue, a City-owned approximately 5,000 square foot space the Department of Elections has been using on a temporary basis since October of 2001. The Department is not currently paying any lease costs for this space.

Maintenance - Equipment (\$228,393)

The Department already budgeted the necessary \$228,393 to pay for the Department's Elections Systems and Software, Inc. (ES&S) maintenance contract services in FY 2001-2002. However, Mr. Minasian advises that the previously budgeted \$228,393 for the ES&S equipment maintenance services was instead spent for additional Other Current Expenses (see below), resulting in insufficient funds to pay the necessary \$228,393 for the equipment maintenance contract with ES&S.

Rents & Leases - Bldgs & Structures (\$47,157)

As shown below, the Department has already expended \$63,811, or \$13,811 more than the \$50,000 budgeted for the

entire fiscal year for rents and leases. However, the Department anticipates incurring a total of \$97,157 for such expenses, which is \$47,157, or 94 percent more than budgeted.

	Actual Expenses (thru <u>Budget</u>	Total Projected Expenses (thru 6/30/02)	Projected Surplus (Deficit)
	2/15/02		
\$50,000	\$63,811	\$97,157	\$47,157

Mr. Minasian advises that these additional rental expenses were incurred due to (a) carryforward costs of \$6,000 from the November and December of 2000 election costs for Pier 45, (b) carryforward costs of \$8,376 from the November and December of 2000 elections to rent polling places from the San Francisco Unified School District, (c) \$6,800 for additional training classes at the Community College District, (d) a rent increase of \$228 per month for seven months for the Pier 29 facility, or an additional \$1,596 and (e) miscellaneous additional polling place rental fees (see Comment No. 4).

Rents & Leases – Equipment (\$269,431)

As shown in Attachment II, the Department did not include specific budgeted funds for equipment rents and leases in their FY 2001-2002 budget, although through February 15, 2002, the Department reported expending \$114,831 for equipment rentals, of which an estimated \$33,438 was a result of the December of 2001 City Attorney runoff election, as itemized below. As also itemized below, the Department anticipated expending an additional \$154,600 for equipment rents and leases as a result of the March 5, 2002 election, including \$115,000 for vehicle rentals for the March, 2002 election, as follows:

	December 2001 <u>Run-off Election</u>	March, 2002 <u>Election</u>
Vehicle Rentals	\$6,740	\$115,000
Lighting	4,875	2,200
Restrooms	11,548	10,400
Tents	10,275	10,000
Computers	0	9,000
Eagles	<u>0</u>	<u>8,000</u>
Total	\$33,438	\$154,600

BOARD OF SUPERVISORS
BUDGET ANALYST

Together, the already expended \$114,831 and the previously projected \$154,600 results in the requested total of \$269,431 by the Department (see Comment No. 5).

Other Current Expenses (\$861,159)

As noted above, the Department advises that previously budgeted costs, such as \$228,393 for the ES&S Equipment Maintenance services contract were instead spent for additional Other Current Expenses that were incurred this fiscal year, resulting in insufficient funds to pay the necessary \$228,393 for the equipment maintenance contract with ES&S. As a result, the Department has requested such additional funds as part of the proposed supplemental appropriation. In addition however, the Department reports that there is a further shortfall in Other Current Expenses, although the actual shortfall is larger than the amount being requested, since as noted above, some of the costs were allocated to other subobjects, such as Equipment Maintenance. For example, the Department reports that \$1,540,156 of additional Other Current Expenses were needed due to (a) overexpenditures of \$135,879 from the November of 2001 election due to a 2-card ballot, instead of the budgeted 1-card ballot; (b) \$415,277 (\$59,717 for mailing services, \$59,899 for printing of voter information pamphlet, \$147,723 for ballots, \$134,280 for postage and \$13,658 for advertising) of expenditures incurred from the December of 2001 City Attorney run-off election, which was not budgeted; (c) \$69,000 of additional ballot storage expenses; (d) \$20,000 of additional travel, training and other office expenses for the new Elections Commission; (e) overexpenditures of \$900,000 from the March 5, 2002 election due to the printing of 375 various forms of the ballots, which cost \$1,800,000, rather than the budgeted \$900,000 (see Comment No. 6).

Judgements – Legal Fees (\$11,652)

Mr. Minasian reports that the Department has incurred legal expenses of \$11,652 for services provided by Ms. Kay Lucas, a private attorney, who was working with Retired Judge Herbert Donaldson, who was hired by Mr. Bill Lee, the City's Administrative Officer, to investigate a Department of Election employee's allegations regarding payroll reports and the misuse of City funds. The results of

this investigation by Ms. Lucas and Judge Donaldson found that there was no basis for such allegations.

Taxes, Licenses and Permits (\$1,347)

The Department is requesting a total of \$1,347 including (a) \$230 for permits for street fair booths used to recruit poll workers, (b) \$500 annual fee to the U.S. Postal Service to maintain a Business Reply Mail account, (c) \$580 fee to the Department of Parking and Traffic for street closures on election day, and (d) \$37 fee to the Police Department for a "sound" permit to have outdoor amplified music during a poll worker recruitment event (see Comment No. 7).

Materials and Supplies (\$52,433)

The Department previously advised that through February 8, 2002, the Department expended \$529,709 for Materials and Supplies and projected spending an additional \$685,488 through June 30, 2002, for total expenditures of \$1,215,197. Some of the projected additional expenditures include: the purchase of new tables and chairs (\$61,987), miscellaneous office supplies (\$50,000), envelopes (\$128,000), ballot pens (\$22,500), rice bags (\$11,750), voting booths (\$18,000), additional tables (\$23,584), luggage carts (\$28,000), shelving (\$45,000), bar code readers (\$5,550) and cell phones (\$7,104) (see Comment No. 8).

Equipment (\$374,767)

The Department advises that these Equipment funds are for the second annual loan payment for Fiscal Year 2001-2002 to finance the purchase of the ES&S elections system. Under the five-year financing plan, which began on April 6, 2000 and extends through June 1, 2005, at an interest rate of 5.18 percent, the Department will ultimately pay a total cost of approximately \$3.7 million, including total interest expenses of approximately \$500,000 over the five-year financing period.

Interdepartmental Recoveries (\$91,665)

The Department budgeted the recovery of \$91,665 of revenues from the Employees Retirement Department and the Health Service System in the anticipation that each of these departments would require the Department of Elections to conduct an election in FY 2002-2003 for their Boards. However, Mr. Minasian advises that neither of

these Department's Boards will be requiring an election in FY 2002-2003, such that the Department of Elections will not be recovering these funds this fiscal year.

Comments:

1. In November of 2001, the voters of San Francisco approved Proposition E, a Charter Amendment which (a) creates an Elections Commission to oversee the Department of Elections, (b) charges the Sheriff's Department with elections security as well as transporting and safeguarding voted ballots for the elections and (c) prohibits the use of City employees, other than Department of Elections employees, from staffing elections, unless this prohibition is specifically waived by the Elections Commission and the Board of Supervisors.

2. In response to the Budget Analyst's inquiries regarding why the DOE retained three consultants at a cost of \$120,000 to serve as public relations and communications specialists, Ms. Tammy Haygood, the former Director of Elections forwarded Attachment II, a March 11, 2002 memorandum which was provided to Supervisor Daly. As noted in Attachment II, Ms. Haygood states that "It has become very obvious that the Department of Elections needs to improve and broaden the effectiveness, clarity, form and channels of its communications at all levels including to the general public, voters, City staff, media and the Board of Supervisors. Apart from my own perspective, this need was recently expressed to me by the members of the Rules Committee....I believe that I am not only justified in hiring consultants to address these critical needs, but that I would be negligent if I were not to devote resources to this area right now." The communications and public relations contractual activities included production of a series of press releases and public service announcements, media information kits, media briefings and interviews and design of the DOE's website.

The Budget Analyst notes that the funds to pay for these three public relations services agreements totaling \$120,000 and the one agreement for technical elections consulting services for \$100,000 were not included in the Department's budget, nor previously specifically authorized for funding by the Board of Supervisors. The Budget Analyst questions the justification for these four professional services contacts and considers approval of the

entire \$220,000 requested to fund these four contracts to be a policy matter for the Board of Supervisors. The Budget Analyst previously recommended that \$50,000 that is included in the requested supplemental appropriation for "miscellaneous" professional fees, that contains no supporting details, also be deleted from the subject request (See Comment No. 14).

3. A review of the Department's original budget and current budget reflects many changes and transfers of funds from one object or account to another. The Budget Analyst also notes that a review of the expenditures incurred by the Department indicate that the Department is incurring expenditures in various objects or accounts, although the funds for such expenditures are actually budgeted in other accounts. For example, the Department charged to their Professional and Specialized Services account (a) \$87,073 to pay a temporary agency for Temporary employees, (b) \$6,974 of van rental expenses and (c) \$39,824 for the Department of Parking and Traffic to pick up ballots after the November and December of 2001 election. As a result, although such transfers are authorized by the Annual Appropriation Ordinance, it is extremely difficult to accurately determine how much the Department is actually expending in its various expense accounts since they consistently transferred monies from one account to another, subsequent to the Board of Supervisors having approved this budget.

4. For this subject request, the Department has double-budgeted \$4,669 for the property rent for Pier 29. The Department also included \$10,000 of miscellaneous unidentified property rents in their projections, that are not justified. Therefore, the Budget Analyst previously recommended reducing the requested \$47,157 for Rents & Leases by \$14,669 (\$4,669 plus \$10,000) to \$32,488 (See Comment No. 14).

5. The proposed supplemental appropriation includes an estimated \$115,000 to rent vehicles for the March 5, 2002 election. Given this considerable expense, the Budget Analyst questioned the Department regarding the need to spend a projected \$115,000 to rent various vehicles just for the March 5, 2002 election. In response, Mr. Henny Lee of

the Department of Administrative Services advised the Budget Analyst that the Department actually expended approximately \$185,000, or an estimated \$70,000 more than is being requested in the subject supplemental appropriation, to rent various vehicles for the March 5, 2002 election (See Attachment III which identifies the vehicles rented).

Such vehicle rentals included \$92,000 to rent 101 vans for an average period of two weeks per vehicle, or an average of \$911 per van, for the Field Election Deputies (FEDs) to provide access to the various polling locations throughout the City. As noted above, the FED jobs were previously performed by other City department staff using their own vehicles. In addition, Mr. Lee advises that the Department incurred the remaining approximately \$93,000 vehicle rental expenses to lease a total of 84 various trucks, vans, cars and other vehicles for other permanent and temporary staff to conduct voter outreach, provide election support, transport various ballots between locations, etc. The Budget Analyst questions (a) the actual need to rent 185 (101 plus 84), vehicles at a total cost of \$185,000 for the March 5, 2002 election, (b) the extremely high cost of renting these vehicles and (c) why the vans were rented for an average period of two weeks each, when the FEDs only required these vehicles on election day. The Budget Analyst notes that the Controller's Office, in preparing the cost estimates included in the Voter's Information Pamphlet for Proposition E, identified a cost of approximately \$800 (16 vehicles at \$50 per vehicle) for the Department of Elections to rent vehicles for the hired Field Election Deputies. The Controller's estimate of \$800 is \$184,200, or 99 percent less than the \$185,000 now projected to be expended by the Department of Elections for such vehicles.

The Budget Analyst would not have recommended approval of all the requested expenditures for vehicle rentals, if the subject request were submitted prior to the March 5, 2002 election. However, given that these expenditures have already been incurred by the Department, the Budget Analyst considers approval of such extraordinary vehicle rental costs to be a policy matter for the Board of Supervisors.

6. Regarding Other Current Expenses, the Budget Analyst questions spending an additional \$69,000 for ballot storage expenses for the last six months of the fiscal year at an average cost of \$11,500 per month. Mr. Minasian advises that these costs are high because the Department is currently using the City's secure file vendor to store the November, December and March ballots. In addition, the Department is using Pier 29, 240 Van Ness, and City Hall for various operations and storage. Ms. Haygood advises that many of the Department's problems result from the lack of consolidated space and reports that the Department is currently working with the Division of Real Estate to locate one consolidated site for the Department of Elections operations and storage needs.

The Budget Analyst also questioned the inclusion of \$20,000 of additional travel, training and other office expenses for the new Elections Commission, for which no details whatsoever were provided. The Budget Analyst previously recommended that such expenses, for which no detailed support was provided, be reduced.

Furthermore, as part of this supplemental appropriation, the DOE is requesting an additional \$900,000 (\$900,000 initially budgeted, projected costs were \$1,800,000) which resulted from the March 5, 2002 election due to the printing of 375 various forms of the ballots. Mr. Minasian now advises that the actual costs for the March 5, 2002 election ballot printing was \$1,920,000, because the printing vendor did not include sales tax and a \$34,000 energy surcharge in the earlier quote.

7. The Budget Analyst questions the \$1,347 in Taxes, Licenses and Permit expenses that are included in the proposed supplemental, since they appear to be regular, ongoing expenses of the Department that would typically have been included in the Department's annual budget request. Therefore, the Budget Analyst considers approval of these expenses to be a policy matter for the Board of Supervisors.

8. In response to inquiries from the Budget Analyst regarding the cell phones purchased by the Department for \$7,104, Mr. Lee advises that for the November and December of 2001 elections, the Department received

approximately 500 free cell phones from Nokia and AT&T, for which the DOE paid the activation and use charges. Mr. Lee advises that AT&T had previously offered free activation and use of the free cell phones by the DOE, but after many of the cell phones were not returned to AT&T, the company began charging the DOE for activation and use of the phones. Mr. Lee advises that, after the December of 2001 election, he obtained an additional 200 cell phones for the DOE that were being discarded by the Police Department. Therefore, the DOE already had approximately 700 cell phones, when they decided to purchase an additional 150 cell phones at a cost of \$7,104, for a total of 850 cell phones. Mr. Lee advises that these cell phones were given to each of the 650 Inspectors assigned to each polling place, the 102 Field Election Deputies and various other DOE staff to use during the March 5, 2002 election. Mr. Lee reports that the activation and use charges for these cell phones is estimated to be approximately \$50,000 for Fiscal Year 2001-2002.

In response to the Budget Analyst's inquiry regarding why the Department needed additional tables and chairs, Ms. Haygood advised that the Department required that ten additional precincts be opened for the March 5, 2002 election and that all of the precincts needed additional surface space due to the ballot volume. However, the Budget Analyst notes that the Department is requesting \$85,571 (\$61,987 plus \$23,584) for such tables and chairs. In response to inquiries from the Budget Analyst regarding why numerous other Materials and Supplies expenses, such as miscellaneous office supplies (\$50,000), envelopes (\$128,000), ballot pens (\$22,500), rice bags (\$11,750), voting booths (\$18,000), and luggage carts (\$28,000) were also incurred without first obtaining funding authorization by the Board of Supervisors since these expenditures were in excess of the Department's budget, Ms. Haygood advises that such expenses were required due to the complexity of the March 5, 2002 election. The Budget Analyst considers approval of the requested \$52,433 for Materials and Supplies to be a policy matter for the Board of Supervisors.

9. As noted in all of the expense categories discussed above, the Department is requesting that the Board of Supervisors approve most of the requested supplemental appropriation on a retroactive basis because such requested funds have

already been incurred. The Budget Analyst questions why the Department did not submit the requested supplemental appropriation immediately after the December of 2001 City Attorney run-off election was held, when the Department knew the extent of the cost overruns of the November of 2001 election, the December of 2001 City Attorney run-off election expenses that had not been included in the budget, the potential costs of Proposition E which had been approved in November of 2001, and the likely increased costs of the March 5, 2002 election. At that time, there could have been a meaningful discussion regarding the need for technical consultant services and public relations contractors, the need to rent vehicles at a cost of up to \$185,000 for the March 5, 2002 election, additional materials and supplies, etc. In the professional judgement of the Budget Analyst, the Department should have obtained prior approval from the Board of Supervisors before incurring such expenses since such expenses were in excess of the Department's budget.

Furthermore, the Budget Analyst concludes that there have been little, if any budgetary controls or efficiency measures undertaken by the Department, coupled with a total disregard by the management of the Department for the approved appropriations established in the FY 2001-2002 budget.

10. The Budget Analyst notes that the Department's FY 2001-2002 budget also included an additional \$62,087 of revenues from (1) the elimination of discounted fees for early submission of ballot arguments and (2) a ten percent increase in the ballot argument fees beginning with the March of 2002 election. However, to date, such legislation has not been approved by the Board of Supervisors. As a result, the Department of Elections is continuing the unauthorized practice of offering discounts for ballot arguments, which subsidizes the costs of such paid arguments in the Voter Information Pamphlets, and will result in an estimated revenue shortfall of \$62,087 for the Department this fiscal year.

11. According to Mr. Minasian, in response to the direction of the Elections Commission, the proposed supplemental appropriation does not include any funds for recanvassing of the 2000 elections. It should be noted that the

Department had previously estimated that it would cost approximately \$870,000 to conduct a full recanvassing of both the November and December of 2000 elections. Ms. Gloria Young, the Clerk of the Board, advises that the Board of Supervisors, in consultation with the Elections Commission, approved a motion (File 02-0087), directing the Clerk of the Board to work with the Secretary of State to identify a scope of work for recanvassing the November and December of 2000 elections and to prepare a Request for Proposal (RFP) for a third party to perform such a recanvass. According to Ms. Young, the RFP has been issued and the bids are due by May 3, 2002. Ms. Young advises that she will request further direction from the Board of Supervisors based on the results of the bids that are submitted.

12. According to Mr. Ted Lakey of the City Attorney's Office, the Board of Supervisors is obligated to pay the salary expenditures that have been incurred for permanent or temporary employees who were properly authorized to work, and in fact did work for the DOE. Regarding the remaining non-salary expenditures, Mr. Lakey advises that the City Attorney's Office would have to review individual contracts and agreements that were entered into by the DOE to determine whether the City could withhold funds from such vendors and contractors, if the Board of Supervisors did not want to approve such funds. However, Mr. Lakey notes that in many of these cases, the DOE has already received and used the materials that may be in question (e.g., tables and chairs, cell phones, etc.), and the ability of the DOE to return such materials to vendors may be questionable.

13. Mr. Ed Harrington of the Controller's Office sent a memorandum to Ms. Haygood on March 26, 2002, which is included as Attachment IV. In this memorandum, Mr. Harrington cites the City Charter and typical contract provisions and notes that "The Department of Elections routinely makes contractual agreements and purchases goods and services without (the required) Controller certification. After the goods or services have been received, you then provide my office with an invoice to pay. This process puts you and your vendors at risk of non-payment."

14. The Controller's Office is currently reviewing all of the expenditures of the Elections Department to determine how much has been expended to date, to review and verify all of the invoices submitted, and to project expenditures for the balance of FY 2001-2002 in order to realistically determine the amount of additional funds that are required for the Department of Elections. As of the writing of this report, the Controller's Office has not completed their review. However, Mr. Harrington advises that he may be able to advise the Finance Committee at the May 1, 2002 Committee Meeting regarding some of the results of his review. The Budget Analyst's final recommendations on the proposed supplemental appropriation for the Elections Department will be contingent on the results and findings of the Controller's review. The Budget Analyst therefore recommends that, if the Finance Committee wants the Budget Analyst to review the Controller's results and findings, the subject request should be continued, pending the receipt of the results of the Controller's Office review.

- Recommendations:**
1. Amend the proposed supplemental appropriation ordinance to provide for retroactivity.
 2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

COSTS OF DECEMBER, 2001, RUNOFF ELECTION

DESCRIPTION	AMOUNT
POLL WORKER FEES AND POLLING PLACE RENTS	410,661
DPT ENFORCEMENT SVCS ON DEC.11, 2001 (MEMORY PACK PICKUP)	19,889
TRAINER/INSPECTOR FOR THE DEC.11, 2001 ELECTION	5,850
TEMP AGENCY WORKERS	26,331
MANAGEMENT CONSULTING SERVICES	28,631
DATA PROCESSING SERVICES	5,226
VEHICLE RENTAL	6,740
LIGHT TOWER RENTAL	4,875
TENT RENTAL	10,275
RESTROOM RENTAL	11,548
MAILING SERVICES	59,717
VIP PRINTING	59,899
DECEMBER BALLOTS	147,723
POSTAGE FOR VIP AND BALLOTS	134,280
ADVERTISING	13,658
MATERIALS AND SUPPLIES	171,219
IS-CENTRAL SHOPS-AUTO MAINT	1,125
IS-CENTRAL SHOPS-FUEL STOCK	1,017
GF-MAIL SERVICES	2,312
IS-REPRODUCTION	3,292
IS-TIS-ISD SERVICES	42,300
MISCELLANEOUS NOT DETAILED	50,000
SUBTOTAL	1,216,569
TEMPORARY SALARIES/OVERTIME (ONE-THIRD OF ACTUAL THROUGH DEC)	731,265
TOTAL	1,947,834



March 11, 2002

To : Supervisor Chris Daly

From : Tammy Haygood
Director of Elections

Subject: Information regarding consultants hired for communications,
outreach, and voter education

This is in response to your inquiry regarding communications specialists hired by the Department of Elections since the November election. The following is the information you have requested:

- **Contractual commitments.** Ironically, the article in the *San Francisco Chronicle* regarding my hiring of "communications specialists" is an example of poor communications. The Chronicle stated: "Since November, Haygood has hired four communications specialists from public relations firms, including Bill Strawn, former deputy press secretary for then-Mayor Dianne Feinstein, to help her answer questions from voters, candidates and the media." In fact, I have not actually hired two of the four consultants whom I introduced to the Chronicle reporter who wrote the article; they are working on a pro bono basis. I have requested their advice on a variety of communications, voter education, and outreach issues, and it has been very valuable. I have been soliciting such advice from many individuals throughout the public and private sectors at no cost to the City.

The two consultants with whom I do have contractual commitments are working on an as-needed basis through March 31, 2002. Each is limited to a maximum of \$50,000, although I am hoping to keep actual charges below that amount. The scope of services they are providing is described in the two attachments to this memo. In addition, I employed one communications consultant prior to the November election at a cost of \$20,000.

- **Funding.** The FY 01-02 original budget for the Department of Elections was based on a variety of estimated costs for professional and other services, totaling \$3.9 million for two elections. This amount included an estimate of \$50,000 for voter outreach services. Of the \$3.9 million, approximately \$2.3 million has been expended or committed at this time for the November and December elections. As would be expected for a department that operates under such major uncertainties, some costs have exceeded last spring's estimates for the budget, and others are

Supervisor Chris Daly
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below budget. My staff and I are preparing a detailed line-item analysis of our current and projected expenditures, which we will need to support the request for supplemental appropriation to be submitted in the next few weeks; however, I believe that the consulting services described above are both within my budgetary authority and defensible.

- **Question regarding "Deputy Director" position.** You have asked about a position that was added to the Department of Elections FY 00-01 budget by the Board of Supervisors. My understanding is that this position was a class 1376 Special Assistant XVII, and that this position was not included in either the reorganization plan or the FY 01-02 budget request submitted by the department to the Board of Supervisors last spring.

I am further informed that the three "Deputy Director" positions in the FY 01-02 budget were in substitution for four "Division Manager" positions that existed in the FY 00-01 budget. These Deputy Director positions have not yet been classified by the Department of Human Resources; hence; their specific responsibilities have not been defined. Of these three positions, only one is currently filled, as an operations manager; this employee is not able to support the department's communications needs. The funding for one of the other two positions has been diverted to pay for the continued employment of the 1376 Special Assistant XVII referred to above, to whom I have not assigned communications responsibilities. The third Deputy Director position is vacant at this time.

- **Additional comments.** It has become very obvious that the Department of Elections needs to improve and broaden the effectiveness, clarity, form, and channels of its communications at all levels including to the general public, voters, City staff, media, and the Board of Supervisors. Apart from my own perspective, this need was recently expressed to me by the members of the Rules Committee. The department unfortunately no longer has the luxury of utilizing such an outstanding spokesperson as Chris Hayashi was last year, despite the fact that our needs for communications are as great as they were before, if not greater.

I believe that I am not only justified in hiring consultants to address these critical needs, but that I would be negligent if I were not to devote resources to this area right now. The department's communications efforts will result over time in improved understanding by media, elected officials, and the public of both the election process and the department's operations. Such improved understanding is an essential ingredient to help break the pattern of reactively explaining the department's activities, a pattern that has been diverting far too many management resources.

Please let me know if you would like any further information on this matter.

c: Ed Harrington, Bill Lee

March 5th Election Rental Vehicle Pool Spread Sheet

[illegible]

335 R 304	6/21/02	0/31/02/23/02	23/03/01	10/01	Box Truck	45	38,257	28,400	132	20.00	129.33	29,937	3038.30	Thru
335 R 305	6/22/02	0/31/02/23/02	23/03/01	10/01	Box Truck	42	35,247	25,132	95	20.00	129.33	29,937	3029.90	Thru
335 R 306	6/23/02	0/31/02/23/02	23/03/01	10/01	Box Truck	43	29,235	28,984	33	20.00	129.33	29,937	3029.90	Thru
335 R 307	6/24/02	0/31/02/23/02	23/03/01	10/01	Box Truck	38	21,084	27,000	88	20.00	129.33	29,937	3029.90	Thru
335 R 308	6/25/02	0/31/02/23/02	23/03/01	10/01	Box Truck	39	19,935	28,984	19	20.00	129.33	29,937	3029.90	Thru
335 R 309	6/26/02	0/31/02/23/02	23/03/01	10/01	Box Truck	32	18,935	28,984	28	20.00	129.33	29,937	3029.90	Thru
335 R 310	6/27/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 311	6/28/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 312	6/29/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 313	6/30/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 314	7/1/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 315	7/2/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 316	7/3/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 317	7/4/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 318	7/5/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 319	7/6/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 320	7/7/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 321	7/8/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 322	7/9/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 323	7/10/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 324	7/11/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 325	7/12/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 326	7/13/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 327	7/14/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 328	7/15/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 329	7/16/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 330	7/17/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 331	7/18/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 332	7/19/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 333	7/20/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 334	7/21/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 335	7/22/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 336	7/23/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 337	7/24/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 338	7/25/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 339	7/26/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 340	7/27/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 341	7/28/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 342	7/29/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 343	7/30/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 344	7/31/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 345	8/1/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 346	8/2/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 347	8/3/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 348	8/4/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 349	8/5/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 350	8/6/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 351	8/7/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 352	8/8/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 353	8/9/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 354	8/10/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 355	8/11/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 356	8/12/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 357	8/13/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 358	8/14/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 359	8/15/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 360	8/16/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 361	8/17/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 362	8/18/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 363	8/19/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 364	8/20/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 365	8/21/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 366	8/22/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 367	8/23/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 368	8/24/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 369	8/25/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 370	8/26/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 371	8/27/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 372	8/28/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 373	8/29/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 374	8/30/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 375	8/31/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 376	9/1/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 377	9/2/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 378	9/3/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122	24	20.00	129.33	29,937	3029.90	Thru
335 R 379	9/4/02	0/31/02/23/02	23/03/01	10/01	Box Truck	10	25,234	15,122						

235 R 048	47PD058	863553142	357054	Dodge	02/24/03	02/24/03	10	14,435	14,731	316	24.00	78.87	288.87	781.04	Thrifty
235 R 057	47PD043	8233148740	357044	Dodge	02/24/03	02/24/03	10	30,526	10,549	41	24.00	78.87	288.87	781.04	Thrifty
235 R 098	47PD356	8233148707	357057	Dodge	02/24/03	02/24/03	10	5,989	8,445	246	24.00	78.87	288.87	884.27	Thrifty
UpLink Vehicles															
235 R 098	47PD046	8233148484	357051	Dodge	02/24/03	02/24/03	10	14,897	14,375	74	24.00	78.87	288.87	684.27	Thrifty
235 R 098	47PD037	8233148751	357044	Dodge	02/24/03	02/24/03	10	11,775	11,886	92	24.00	78.87	288.87	884.27	Thrifty
235 R 098	47PD040	8233148778	357040	Dodge	02/24/03	02/24/03	10	7,812	6,056	1,142	24.00	78.87	288.87	781.04	Thrifty
235 R 098	47PD040	8233148778	357040	Dodge	02/24/03	02/24/03	10	15,875	24,192	517	24.00	78.87	288.87	694.37	Thrifty
235 R 098	47PD040	8233148778	357040	Dodge	02/24/03	02/24/03	10	9,418	10,040	261	24.00	78.87	288.87	684.27	Thrifty
235 R 098	47PD040	8233148778	357040	Dodge	02/24/03	02/24/03	10	5,174	5,422	248	24.00	78.87	288.87	684.27	Thrifty
235 R 098	47PD040	8233148778	357040	Dodge	02/24/03	02/24/03	10	5,147	6,526	189	24.00	78.87	288.87	684.27	Thrifty
235 R 098	47PD038	8233148775	384208	Mini	02/24/03	02/24/03	10	10,475	10,846	231	24.00	78.87	288.87	781.04	Thrifty
235 R 098	47PD038	8233148775	357055	Dodge	02/24/03	02/24/03	10	10,475	10,846	231	24.00	78.87	288.87	781.04	Thrifty
Election Center Vehicles															
235 R 032	47PD032	8233148587	380411	Chevy	02/28/03	02/28/03	12	8,442	8,744	217	24.00	78.87	288.87	882.83	Thrifty
235 R 035	47PD032	8233148587	380411	Chevy	02/28/03	02/28/03	12	17,848	17,848	0	24.00	78.87	288.87	884.27	Thrifty
235 R 037	47PD032	8233148587	380411	Chevy	02/28/03	02/28/03	12	10,475	10,846	231	24.00	78.87	288.87	781.04	Thrifty
235 R 038	47PD032	8233148587	380411	Chevy	02/28/03	02/28/03	12	10,475	10,846	231	24.00	78.87	288.87	781.04	Thrifty
Grand Total: \$184,960.53															



MEMORANDUM

TO: Tammy Haygood, Director of Elections

FROM: Ed Harrington *Ed Harrington*

DATE: March 26, 2002

SUBJECT: City Contracting Rules

I believe there may be some confusion on your part when you say the Department of Elections typically follows the City's rules when purchasing goods and services. This is not accurate. The City's rules require that the Controller certify the availability of funds before a contract or purchase order is complete and before any obligation exists for the City. The Department of Elections routinely makes contractual agreements and purchases goods and services without any Controller certification. After the goods or services have been received, you then provide my office with an invoice to pay. This process puts you and your vendors at risk of non-payment.

The City Charter says:

No officer or employee shall bind the City and County to expend money unless there is a written contract or other instrument and unless the Controller shall certify that sufficient unencumbered balances are available in the proper fund to meet the payments under such contract or other obligation as these become due.

Typical contracts signed by you this year include the wording:

This Agreement is subject to the fiscal provisions of the City's charter and the budget decisions of its Mayor and Board of Supervisors. No funds will be available hereunder until prior written authorization certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This Agreement shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and the Board of Supervisors or certified by the Controller.

The Elections Department also is misusing the City's "blanket purchase order" process. A blanket PO is designed to let a vendor know that a City department or multiple City departments plan to purchase goods or services from that vendor. The City issues a blanket PO so we can track the total spending against it—often across departmental lines. It is not a purchase order committing the City to spend any money. It is not a certification by the Controller that funds exist to pay for any goods or services. Typically, this is the only item the Department of Elections processes through our accounting system before we see an invoice. Blanket PO's have the following statement on their face:

This is not an order for goods or services.... A separate contract purchase order must be recorded against this document to encumber funds, constituting the Controller's certification and approval of funds...

cc: Clerk, Board of Supervisors
Members, Board of Supervisors
Ted Lakey, City Attorney
Judith Blackwell, Purchaser

Department: Parking and Traffic (DPT)

Items: File 02-0494

Resolution authorizing the Executive Director of the Department of Parking and Traffic to execute an agreement between the City and County of San Francisco and Serco Management Services, Inc. for a parking meter management system.

File 02-0495

Resolution concurring with the Controller's certification that revenue collection and coin counting services can be practically performed by a private contractor at a lower cost than if the work were performed by City employees.

FILE 02-0494: PARKING METER MANAGEMENT AGREEMENT

Purpose of
Management
Agreement:

To provide a parking meter management system. The proposed management agreement includes the purchase of 25,250 electronic parking meters, the development and installation of a parking meter software system, revenue collection services and coin counting services.

Description:

The proposed resolution would award a parking meter management agreement to Serco Management Services, Inc. (Serco). According to Ms. Julia Dawson of the Department of Parking and Traffic (DPT), the DPT would purchase 25,000 single space electronic parking meters and 250 multi-space¹ electronic meters from Serco. The 25,250 electronic parking meters will accept nickels, dimes, quarters and Translink² card payments. The parking meters under the jurisdiction of the DPT are

¹ Multi-space parking meters are used predominantly for motorcycle parking spaces. DPT would purchase 125 multi-space meters that cover 6 parking spaces each and 125 multi-space meters that cover 8 parking spaces each.

² A Translink card is a specialized Bay Area version of a Smart Card. A Smart Card is a debit card that could eventually be used to pay for such Bay Area transit services such as AC Transit, BART, Muni and SamTrans. The Translink cards are currently being used under a pilot program by Muni, AC Transit and BART.

located on the City's streets, in City-owned metered parking lots and City-owned parking garages.

According to the terms of the proposed agreement, Serco would be obligated to perform five main categories of work over a five-year period as follows:

- (1) Software and hardware engineering services, including software design, development and installation of the new electronic parking meters;
- (2) Smart Card Program management services and technical support services to enable motorists to use Translink cards for parking meter payment (see Comment No. 3);
- (3) Training services including classroom and on-the-job training, and continuing technical support for City and Serco staff;
- (4) Revenue collection services for the coins and Translink cards; and
- (5) Coin counting services, including sorting, counting and depositing all coins within 24 hours of collection.

Revenue collection and coin counting services would be provided by Serco Monday through Friday. Revenue collection and coin counting services would not be provided on Saturdays, Sundays or City holidays unless, in the future, the City was to change the service schedules.

File 02-0495 is a resolution concurring with the Controller's certification that revenue collection and coin counting services can be performed at a lower cost by a private firm than by City employees. As noted in the section of this report on File 02-0495, Serco currently provides the revenue collection services and the Municipal Railway (Muni) Revenue Section currently provides the coin counting services through a workorder from DPT (see Comment No. 14).

According to Ms. Dawson, there are currently 21,528 single space parking meters installed throughout the City. The City currently does not have any multi-space parking meters. Attachment I-A, provided by DPT, shows the average age of the City's parking meters and the number of meters being repaired, missing, not installed or

test meters that must be replaced. Ms. Dawson reports that the industry standard for the useful life of electronic parking meters is 7 years. However, Ms. Dawson advises that parking meters are typically used by municipalities for 10 years or longer.

As noted in Attachment I-A, the City has a total of 23,070 existing parking meters with an average age of up to 15 years, including 21,082 mechanical parking meters and 1,988 electronic parking meters with an average age of 5 years (see Comment No. 9). As noted in Attachment I-A, DPT would install 21,530 single space electronic parking meters and 220 multi-space electronic parking meters throughout the City, for a total of 21,750 parking meters covering 23,070 spaces. DPT would keep a reserve of 3,500 meters, including 3,470 single space parking meters or 16.1 percent and 30 multi-space electronic parking meters or 13.6 percent for use as new installations or as replacement meters if an installed meter needs repair. Attachment I-B, provided by DPT, explains why the single space meter reserve of 16.1 percent is needed, the differences between the existing and new meters, and why the City needs new meters.

All of the new electronic parking meters would be fully loaded with software that allows the meters to be programmed and monitored by Serco and DPT staff. According to the terms of the proposed agreement, and as noted in Attachment I-B, provided by DPT, the 21,750 new electronic parking meters, excluding the 3,500 reserve parking meters, would be purchased by the City and installed by Serco by February 6, 2003.

**Amount Payable by
the City to Serco Over
the Five Year Term
of the Management
Agreement:**

As shown in Attachment II, provided by DPT, the DPT estimates that the City would pay to Serco \$35,706,534 over the five-year term of the proposed agreement, including (a) the purchase and installation of 25,250 parking meters and related equipment and software at a cost of \$27,894,691, or \$25,105,222 (90 percent) in Year 1 and \$2,789,469 (10 percent) in Year 2, (b) revenue

collection services at \$5,785,069 over the five-year agreement or an average of \$1,157,014 annually, and (c) coin counting services at \$2,026,774 over the five year agreement or an average of \$405,355 annually. The \$27,854,691 payment for the purchase, installation and related costs of the parking meters would be lease financed over a seven year period under a separate financing agreement between the City and a lender to be selected through a competitive bid process (see Estimated Incremental Costs of Proposed Agreement Section).

In total, under the proposed agreement, the City would pay to Serco an estimated \$26,641,762 in Year 1, \$4,326,009 in Year 2, \$1,551,734 in Year 3, \$1,569,172 in Year 4 and \$1,617,857 in Year 5.

Ms. Dawson advises that the 21,750 new parking meters (excluding the 3,500 reserve parking meters) are to be installed by February 6, 2003.

According to the terms of the proposed agreement, the cost of the proposed agreement cannot exceed \$50,000,000 over the five-year term. There are no provisions in the proposed agreement for extending the agreement beyond five years. In Attachment I-B, Ms. Dawson explains the basis of the \$50,000,000 not to exceed amount of the proposed agreement which would be necessary should the City purchase additional parking meters for areas of the City that do not currently have parking meters. According to the terms of the proposed agreement, the City could purchase additional parking meters or spare parts at any time during the five-year term at 20 percent off the manufacturer's catalog prices, the same terms as the initial purchase of electronic parking meters.

Ms. Dawson states in Attachment I-B that if the not-to-exceed amount of \$50,000,000 were significantly lower, the City would need to negotiate a contract modification in order to meet the potential future demand for spare parts and additional parking meters. The negotiation of such a contract modification, according to Ms. Dawson, would "expose the City to additional risk from Serco's potential requests for renegotiation of contract terms and

conditions, including pricing for products and services." Ms. Dawson adds that the addition of new parking meters and the appropriation of funds for additional purchases would require future Board of Supervisors approval.

The funding source of up to \$50,000,000 is additional parking meter revenue to be generated by the electronic parking meters, according to Ms. Dawson.

**Estimated Incremental
Costs of Proposed
Agreement:**

As shown in Attachment III, provided by DPT, the DPT estimates that, over the seven-year useful life of the new electronic parking meters, incremental costs related to the proposed agreement are estimated to total \$37,996,691³, including \$2,291,157 (\$37,996,691 less \$35,706,534) in financing costs for the \$27,894,691 purchase, installation and related costs. The \$37,996,691 will be paid as follows: (a) \$3,139,469 in Year 1, (b) \$5,804,108 in Year 2, (c) \$5,793,282 in Year 3, (d) \$5,783,920 in Year 4, (e) \$5,805,000 in Year 5, (f) \$5,825,103 in Year 6, and (g) \$5,845,809 in Year 7.

According to Ms. Nadia Sesay of the Mayor's Office of Public Finance, the DPT would enter into a private lease financing agreement to finance the estimated cost of \$27,894,691 for the purchase and the installation of the equipment and software, at an estimated fixed interest rate of 5.5 percent per annum. Ms. Sesay reports that the City intends to select a lender through a competitive bid process based on the lowest interest rate bid. According to Ms. Sesay, the DPT, the City Attorney's Office, the Mayor's Office and the Purchasing Division would then evaluate the bids received from lenders and award the lease financing agreement to the lowest bidder that is in compliance with the the City's Equal Benefits Ordinance and all other applicable City laws. This private lease financing agreement will require separate approval by the Board of Supervisors.

³ Due to rounding discrepancies, the Budget Analyst reports incremental costs related to the proposed agreement of \$37,996,691. DPT has included in Attachment III incremental costs related to the proposed agreement of \$37,996,692.

Memo to Finance Committee
May 1, 2002 Finance Committee Meeting

Under this form of financing, which would ensure that funds were available in Years 1 and 2 of the proposed agreement for the purchase and installation of the electronic parking meter equipment and software, a selected lender would pay Serco a total of \$27,894,691 for the equipment, software and installation services. The City's lease finance debt would then be retired through semi-annual lease purchase payments appropriated in the DPT's future annual budgets from parking meter revenues deposited to the Off-Street Parking Fund, subject to appropriation approval by the Board of Supervisors. The lease term would be up to seven years, the anticipated useful life of the parking meters, in accordance with the statutory lease term limitations published in the California Debt Issuance Primer issued by the State Treasurer. Ms. Dawson states that the initial lease purchase payments for acquisition and installation of the equipment and software will be included in the DPT's FY 2002-2003 budget in the approximate amount of \$2,200,000. In years two through seven of the proposed agreement, lease purchase payments of \$5,020,000 would be included in the DPT annual budget. As shown in Attachment III, the DPT would be required to make lease purchase payments of \$5,020,000 in each of the two years subsequent to the fifth and final year of the subject proposed agreement with Serco in order to fulfill the seven-year term of the lease purchase agreement with the lender. According to Ms. Sesay, there would be no penalty for early repayment of this private loan.

As shown in Attachment III, the DPT would also have costs during the seven-year financing period for the new parking meters to pay for new DPT staff, revenue collection services, coin counting services, replacement batteries, spare parts and equipment, and a workorder to the Department of Telecommunications and Information Services (DTIS) for an Oracle software license which is necessary because Serco's software requires Oracle software to function, according to Ms. Dawson.

**Estimated Total Cost
of Parking Meter
Program:**

As shown in Attachment IV, provided by DPT, the total estimated parking meter program costs, including the cost

of the proposed agreement, is \$45,869,138 over the seven-year useful life of the new parking meters. This \$45,869,138 total cost estimate exceeds the \$37,996,691 incremental cost estimate by \$7,872,447 because such total costs include the existing costs of DPT personnel (approximately \$637,059 over seven years) and the existing costs for DPT's revenue collection services (approximately \$5,639,058 over seven years) and coin counting services (approximately \$1,596,328 over seven years).

**Estimated Additional
Annual Revenues:**

Attachment V is the Controller's certification that installation of the new electronic parking meters would result in a \$5.9 million increase in parking meter revenue annually, which represents a 47 percent increase over the projected FY 2001-02 amount of \$12.6 million. This increased revenue is reflected in Attachment III as \$5,922,000 annually.

As shown in Attachment III, the annual increased revenue of \$5,922,000 anticipated to be generated by the new electronic parking meters would cover the estimated annual cost of the proposed agreement. Over the seven-year useful life of the new parking meters, the DPT estimates that increased revenue of \$38,879,546 will exceed estimated incremental costs of \$37,996,691 by \$882,855 or 2.3 percent (see Comment No. 2 below). The entire \$45,869,138 cost of the parking meter program, including the incremental and existing costs, would be paid from the Off-Street Parking Fund.

**Comments on
File 02-0494:**

1. Attachment VI, provided by DPT, shows the estimated total annual revenues and expenses of the DPT City-owned parking meters and City-owned parking garages. According to Ms. Dawson, all parking revenues from City-owned parking meters and City-owned parking garages accrue to the Off-Street Parking Fund. The Budget Analyst notes that in Attachment VI, the General Fund support to the Off-Street Parking Fund is anticipated to increase from \$940,748 in Fiscal Year 2002-2003, the first year of the agreement with Serco to \$1,925,553 in Fiscal Year 2006-2007, the last year of the agreement with

Serco. The estimated increases in General Fund support required for the Off-Street Parking Fund are due to the fact that expenditures are expected to increase at a greater rate than projected growth in revenues. According to Ms. Dawson, if the projected annual parking meter revenues increase by more than \$5,922,000, the annual increase currently projected by DPT and certified by the Controller, then the General Fund support to the Off-Street Parking Fund would decrease by the amount of the additional increase in revenues.

2. The Budget Analyst notes that the increased projected revenue over the expected seven-year useful life of the new parking meters of \$38,879,546 (Attachment III) exceeds estimated incremental costs of \$37,996,691 by \$882,855 or only 2.3 percent. Therefore, there is a risk that minor deviations from the DPT's projections, either costs in excess of current estimates or the realization of less new revenue, could eliminate the projected net revenue benefit and, potentially, result in a net cost over the seven-year period, thereby resulting in further growth in net General Fund support of the Off-Street Parking Fund over and above the projections discussed in Comment 1, above.

3. Under the terms of the proposed agreement, Serco would conduct a six-month Smart Card Pilot Program to evaluate the viability of the Smart Card technology. During this six-month period, Serco would program Smart Card software in 500 of the new electronic parking meters. At the end of the six-month period, Serco would assess the Smart Card Pilot Program. If the City deems the Smart Card Pilot Program to be successful, then the City would activate the entire inventory of new electronic parking meters to accept Translink card payments. Under the revenue collection services portion of the proposed agreement, Serco would collect revenue information for Translink card payment activity and provide this information to DPT. Ms. Dawson reports that DPT would send the debit card payment activity to Translink's banking service for reimbursement.

4. According to Ms. Dawson, the proposed management agreement does not include the maintenance and repair of

the new electronic parking meters. Such services are currently and would continue to be provided by the DPT Parking Meters Shop, a subdivision of the DPT Traffic Operations Division, unless the repairs are covered by the manufacturer's warranty, in which case Serco would be responsible for the repair and/or replacement of the parking meters (see Comment No. 8).

5. According to Ms. Dawson, DPT will be including a new 1824 Principal Administrative Analyst position in DPT's FY 2002-2003 budget to supervise the proposed agreement with Serco, subject to Board of Supervisors approval. Ms. Dawson reports that DPT has an existing 1844 Senior Management Assistant position that would assist the 1824 Principal Administrative Analyst in supervising the proposed agreement with Serco. All new positions will be analyzed by the Budget Analyst in the forthcoming FY 2002-2003 budget review.

6. The City can terminate the proposed agreement, or a component and/or provision of the proposed agreement, at any time during the five-year term with 30-days written notice to Serco.

7. Under the terms of the proposed agreement, the City would own, in perpetuity, an irrevocable, nonexclusive, non-transferable license to use management software and future upgrades provided by Serco to the City under the terms of the proposed agreement.

8. The warranty for the new electronic parking meters would be in effect for five years from the contract award date or the manufacturer's warranty, whichever is later. The manufacturer's warranty would remain in effect even upon early termination of the agreement. According to Appendix G of the proposed agreement, "Serco will repair, adjust or replace all Defective Equipment. If any of the Equipment require repair for the same defect more than three times, Serco will replace the Equipment...The warranty does not cover damages, defects or failures caused by or due to accident, improper handling or operation, use of the equipment for experimental purposes, natural disaster (including earthquake),

vandalism, and neglect of routine maintenance as instructed by Serco in their training."

9. The City currently has 1,988 electronic parking meters. According to Ms. Dawson, from 1996 to 1998, the City purchased 1,879 new electronic parking meters and was provided with, at no cost to the City, 109 test electronic meters from three different vendors, to test their reliability prior to replacing all of the remaining 21,082 (23,070 less 1,988) mechanical meters with electronic meters. According to Ms. Dawson, the 1,879 electronic parking meters, which cost the City \$379,239, have an estimated fair market value of \$49,525 (approximately \$26.36 per meter for 1,879 meters). Ms. Dawson reports that this estimate of \$49,525 is based on DPT's experience with buying and selling surplus meter parts. Ms. Dawson advises that 1,879 of the existing electronic meters would be sold to another jurisdiction when the new electronic meters are installed. As shown in Attachment VI, estimated revenues of \$49,525 from the sale of these test electronic parking meters would accrue to the Off-Street Parking Fund. The remaining 109 electronic meters would be returned to the three vendors which loaned the meters to the City. Ms. Dawson explains in Attachment I-B that the 1,988 existing electronic meters need to be replaced because, for example, "These meters have older battery connections that are subject to corrosion, which means that they have a battery life of about six months...they are running a different internal software system that is not compatible with the other meters...We would have to collect these meters in a different manner from every other meter in the system."

10. According to Ms. Dawson, on May 18, 1999, the Purchasing Division, on behalf of DPT, issued a Request for Proposals (RFP) for the three components of the parking meter management agreement including (1) acquiring new single and multi-space parking meters, casings, electro-mechanical locks, related equipment and installation services, (2) revenue collection services, and (3) coin counting services. Ms. Dawson advises that each of the three components could have been a separate agreement and awarded to three different firms. After the Purchasing Division, on behalf of DPT, issued five change

notices to the original RFP, final proposals were required by June 30, 2000. Attachment VIII, provided by DPT, shows the name, title and agency affiliation of the RFP evaluation panel, the nine firms which submitted proposals to the Purchasing Division in response to the RFP, the points given by the evaluation panel to each of the firms which submitted proposals for both the written and interview portions of the evaluations and the bids submitted by each of the firms. Attachment VIII also includes a list of the firms which received the RFP.

The following table lists all of the firms which responded to the RFP and the amounts (bids) submitted by each firm.

Element I: Parking Meters Purchase and Installation	
Serco	\$21,129,981
Duncan	\$19,253,769
IntelliPark	\$12,100,800
Worldwide	\$15,452,946
Central	\$18,003,910
Reinhardt	\$1,241,400
Medeco	\$2,488,104
Element II: Annual Revenue Collection Services	
Serco	\$915,000
On-Street	\$589,650
Worldwide	\$1,195,500
Dunbar	\$745,500
Central	\$1,699,500
Element III: Annual Coin Counting Services	
Serco	\$409,000
Worldwide	\$296,750
Dunbar	\$162,500
Central	\$172,000

As shown in Attachment VIII and in the table above, Serco submitted (a) the highest price bid of \$21,129,981 for the parking meter component, (b) the third highest price bid for the revenue collection services component of

\$915,000, and (c) the highest price bid for coin counting services of \$409,000. The Budget Analyst notes that the proposed negotiated cost of \$27,894,691 is 32 percent or \$6,764,710 more than Serco's initial price proposal of \$21,129,981 for the parking meter equipment, software and installation. Ms. Dawson reports that the difference between Serco's price proposal for the RFP and the proposed negotiated cost of \$27,894,691 is due to DPT's request for additional software to be included in the proposed agreement and the inclusion of software licensing.

As shown in Attachment VIII, the price proposal component of the total available points under the RFP is as follows: (a) for Element I: Parking Meters Purchase and Installation, the price proposal was allocated 30 points out of a total 680 available points or approximately 4.4 percent; (b) for Element II: Annual Revenue Collection Services, the price proposal was allocated 10 points out of a total 410 available points or approximately 2.4 percent; and (c) for Element III: Annual Coin Counting Services, the price proposal was allocated 10 points out of a total 310 available points or approximately 3.2 percent. Ms. Dawson explains in Attachment VII why the price proposal component was allocated less than 5 percent of the total available points under the RFP. According to Ms. Dawson, DPT "wanted to emphasize technical superiority over price."

11. Ms. Dawson reports that the cost of this parking meter management agreement was not reflected in the Department's FY 2001-2002 budget. Actual payments to Serco would not begin until FY 2002-2003. Ms. Dawson states in Attachment VII that because the \$27,894,691 cost of replacement of all of the parking meters is anticipated to be funded by parking meter revenues, which would cover the costs of the seven-year lease financing payments, the DPT does not need the \$1,600,616 placed on reserve in the FY 1998-99 budget for the parking meter replacement project. Therefore, the Budget Analyst recommends that this reserve be closed out and returned to the General Fund.

12. Attachment IX, provided by DPT, is a description of the features for the 25,000 new single space electronic parking meters.

13. Attachment X, provided by DPT, is DPT's response to an inquiry from the Budget Analyst whether there are other cities which have entered into agreements such as the agreement that is presently before the Board of Supervisors. As stated in by Ms. Dawson in Attachment X, "Most cities are required to purchase equipment, such as parking meters, by low bid. Local purchasing regulations do not permit many cities to combine products and services under one RFP."

14. In her memorandum to the Budget Analyst (Attachment XI), Ms. Virginia Harrington of Muni states that "Muni's FY2002/03 budget request deleted the \$212,000 in work order funding that Muni has previously received from DPT. Muni deleted funding for two Revenue Section positions (job classification 9110), which had been funded from the DPT work order." According to Ms. Harrington, the two Revenue Section positions are vacant. Ms. Harrington further states that "A third supervisory position (job classification 9116), which had been funded from the DPT workorder, has been reassigned to the Revenue Section's Field Unit...The funding for that position has been identified within Muni's FY 2002/03 'base budget'."

FILE 02-0495: REVENUE COLLECTION AND
COIN COUNTING SERVICES
"PROPOSITION J" APPROVAL

**Services to be
Performed:**

Revenue collection and coin counting services. Such services to be provided under the proposed parking meter management system agreement with Serco, the subject of File 02-0494.

Description:

Charter Section 10.104 provides that the City may contract with private firms for services, if the Controller determines, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for revenue collection and coin counting services for the City's parking meters for FY 2001-02 would result in the estimated savings as follows:

Memo to Finance Committee
May 1, 2002 Finance Committee Meeting

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Parking Meter Coin Collection		
Salaries	\$930,698	\$1,102,010
Fringe Benefits	<u>268,937</u>	<u>295,867</u>
Subtotal	\$1,199,635	\$1,397,877
Parking Meter Coin Counting		
Salaries	\$124,509	\$147,446
Fringe Benefits	<u>36,295</u>	<u>39,901</u>
Subtotal	\$160,804	\$187,347
Estimated Total City- Operated Service Costs	<u>\$1,360,439</u>	<u>\$1,585,224</u>
<u>Estimated Total Contract Costs*</u>		
Parking Meter Coin Collection	\$1,199,155	\$1,202,223
Parking Meter Coin Counting	<u>158,420</u>	<u>159,035</u>
Estimated Total Contract Costs	<u>\$1,357,575</u>	<u>\$1,361,258</u>
Estimated Savings	<u>\$2,864</u>	<u>\$223,966</u>

* The Controller's estimated contract costs include labor costs only, and do not include non-labor costs. Therefore, the amounts shown in the table above for Estimated Total Contract Costs differ from the total contract costs described under File 02-0494.

Comments on
File 02-0495:

1. Ms. Dawson reports that the City's current contract for coin collection services was first certified as required by the Charter Section 10.104 in 1978 and has been provided by an outside contractor since that time. As noted in the attached memorandum from Ms. Dawson (Attachment XII), the City has contracted with Serco for coin collection services since September 1, 1997. However, coin counting would be a new service since, as previously stated, this function has been handled by Muni.

This contract with Serco for coin collection services was originally supervised by the Tax Collector's Office when it first received Controller's certification in 1978. Ms. Dawson reports that supervision of this contract was

transferred from the Tax Collector's Office to DPT when DPT became a City department in 1990.

2. The Controller's supplemental questionnaire with the Department's responses is shown in Attachment XIII to this report.

Recommendations: Files 02-0494 and 02-0495

1. Request the Controller to close out the previously budgeted and reserved \$1,600,616 in DPT's FY 1998-99 budget for the parking meter replacement project in order to return such monies to the General Fund, as noted in Comment No. 11 above.

2. The proposed agreement includes in Appendix G a detailed project schedule which, according to Ms. Dawson, demonstrates a deadline date of February 6, 2003 by which 21,750 of the new electronic parking meters must be installed. In the professional judgement of the Budget Analyst, the date of February 6, 2003 in Appendix G is unclear and could be subject to interpretation. Therefore, the Budget Analyst recommends that the proposed agreement be amended to specifically state that the deadline for installing the 21,750 new electronic parking meters, excluding the 3,500 reserve parking meters, would be February 6, 2003 based on a contract award date of May 10, 2002.

3. Overall, the Budget Analyst notes that the parking meter replacement program has been contemplated since Fiscal Year 1998-99, when the City first established a General Fund Reserve of \$1,600,616 for this purpose. Also, according to Ms. Dawson, the vast majority of the City's existing parking meters should be replaced because they have exceeded their useful life, and the costs of maintaining mechanical parking meters has become excessive. However, the Budget Analyst notes that because (a) the \$50,000,000 not to exceed amount of the proposed contract exceeds the \$35,706,534 total estimated cost of the contract by \$14,293,466 or 40 percent, (b) the projected net revenue benefit of \$38,879,546 exceeds the estimated incremental costs of \$37,996,691 by \$882,854 over seven years, or only 2.3 percent, and such revenue benefit could easily be eliminated by minor increases in

expenditures or the realization of less incremental revenue, (c) consideration of price was an extremely low portion of only 2.4 percent to 4.4 percent of the evaluation of the competing proposals for the purchase and installation of new parking meters, Collection Services and Coin Counting services, and (d) the proposed negotiated cost of \$27,894,691 is 32 percent more than Serco's initial price proposal of \$21,129,981, the Budget Analyst considers the proposed resolutions to be policy matters for the Board of Supervisors.

Department of Parking and Traffic

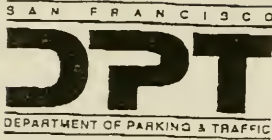
Parking Meter Program

Parking Meter Inventory and Age

4/16/02

Manufacturer	Model	Type	Average	Quantity
			Age in Years	
POM	APM	Electronic	5	1,879
POM	E	Mechanical	10	2,230
POM	S	Mechanical	15	12,598
Duncan	VIP	Mechanical	15	4,712
Test electronic meters*			1-4	109
Total				21,528
Being repaired				156
Missing				968
Not installed				418
				1,542
Total Spaces to Install Meters				23,070
DPT plans to install				
110 multi space meters that cover 6 spaces				660
110 multi space meters that cover 8 spaces				880
for a total of				1,540 spaces
DPT will also install single space meters on				21,530 spaces
Inventory				
DPT will have a remaining inventory of:				
single space meters				3,470
multi space meters				30

*109 test electronic meters on loan to the City



City and County of San Francisco

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst

From: Julia Dawson, Deputy Director, Administration and Finance

Subject: 16% Inventory Reserve for Single Space Meters

Date: April 25, 2002

Parking and Traffic needs to keep a 16% inventory of single-space meters so that we will have enough meters, cases, and locks to cover necessary repairs on a daily basis. Our goal is to keep our meters up and operational as much as possible to maximize the use of the parking spaces and City revenues. As meters are broken, vandalized, or stolen, which we expect to happen in significant numbers because thieves will no longer be able to steal money from the coin vault, we must have enough inventory on hand to replace damaged or missing equipment. We selected a 16% inventory so that we would be able to allocate each repairer 1% of the remaining inventory. We expect that each repairer will keep an inventory of replacement parts in his or her vehicle, replacing the damaged equipment and bringing it back to the shop for repair. We currently perform about 16,000 repairs per month, which is all that we can cover with our 16 repairers. We also have continuous requests for new installations adjacent to existing metered areas, which we will need to use this inventory to cover.

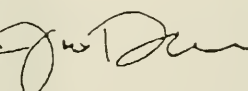


City and County of San Francisco

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors

From: Julia Dawson, Deputy Director, Administration and Finance 

Subject: Proposed Contract for Parking Meter Management System

Date: April 25, 2002

Mechanical vs. Electronic Meters: The City's current mechanical meters have about 130 separate moving parts, including mechanical timers, each of which wear and need to be adjusted or replaced over time. The moving parts are vital to the meter's ability to put accurate time for money on the meter and count down the time once coins have been deposited. As the parts wear, the meter timing drifts, leading to inaccurate meters that provide improper time for the coins deposited. All meter manufacturers have discontinued the manufacture of mechanical meters so most parts must be special ordered in quantities beyond our immediate need, resulting in overexpenditures on unnecessary parts. The existing mechanical meters are more vulnerable to vandalism because most of them do not have high security parking meter casings and they are not capable of being upgraded because the casing is an integral part of the mechanism. Mechanical meters determine valid coins by size only, resulting in a large number of foreign coins, slugs, candies, or tokens that are deposited and provide the user with time. These junk coins are a source of lost revenue for the City. The warning flags and displays on a mechanical meter are also moving parts, so they are prone to failure, leading to lost revenue from tickets that are not issued and tickets that are issued improperly to users who paid for time on the meter. The display on the mechanical meters is difficult for the public and enforcement officers to read and prone to wear and ultimately failure as the parts become old. Mechanical meters cannot provide Parking and Traffic with any information on the amount of money deposited, length of parking time, or any other data that would be useful to help the City maximize the use of its scarce parking resources. Mechanical meters have no capability to manage the electronic cash card systems that are currently being tested by the Bay Area's transit operators. The movement from coins to electronic cash could save the City money in reduced collections of coins and lower coin counting and transportation costs. To change a rate or accept different types of coins on a mechanical meter, repairers must replace parts inside the meter, which requires the purchase of additional supplies and many hours of labor to complete. Mechanical meters are not capable of being set for multiple rates dependent on time of day.

Electronic meters have no moving parts, so they do not need continuous adjustment and are not vulnerable to the type of wear that affects mechanical meters. If a part is damaged

Parking Meter Management System

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or found defective, it can be removed and replaced. The timing mechanism is a quartz clock, so it is extremely accurate. Electronic meters recognize coins by their metal composition, not just their size, and have the ability to accept multiple coin denominations. Foreign coins, slugs, and candies will no longer provide depositors with time on the meter. The display on an electronic meter is prominent and easy for the user to read. It will also be easier for enforcement staff because expired meters display a large red flashing LCD display on the rear and flashing numbers or words on the front when expired or show how much time is left on the meter. Electronic meters collect information as they are used, providing Parking and Traffic with a way to validate the money that has been deposited in the meter with the amount of money collected by the City's collection contractor. It will also allow Parking and Traffic to assess parking behavior, assess repair needs across the City, and compare meter records with Enforcement citation writing. With the records maintained by the meter, we will know exactly when the meter went out of service, rather than only knowing when it was repaired. The electronic meters will communicate information through a handheld data terminal at the time of collection, making it easier for Parking and Traffic to discover unreported meter outages and meters that need a battery replacement.

Why replace the City's existing electronic meters? The City currently has 1,988 old electronic meters. These meters have older battery connections that are subject to corrosion, which means that they have a battery life of about six months. In the new electronic meters, the battery connection has been better insulated and batteries last about one year. While our existing meters collect data, they are running a different internal software system that is not compatible with the other meters, making it more difficult for us to manage all the meters under one system. The old electronic meters will not have casings with electro-mechanical locks, leaving them vulnerable to theft from the coin vaults. They also cannot be connected to the electronic lock data interface, making it difficult for us to ensure that data will be gathered at the time of collection. Without gathering that data in a coordinated manner, we will not be able to reconcile the meter's deposit records with the actual collection. We would have to collect these meters in a different manner from every other meter in the system, using different handheld data terminals and unique sets of mechanical keys. We would also need to take additional time to manually collect the data from these meters at the time of collection, resulting in a higher labor cost for the City. The existing electronic meters do not have the capability to run the secure card based payment systems, such as the Translink card, that we are planning to implement Citywide if the pilot test is successful.

Parking and Traffic's plan was to be able to manage its parking resources in a unified way. Requiring us to maintain the older technology will require us to maintain two separate systems that do not communicate with one another, do not provide us with the same data, and prevent us from achieving the operational efficiencies of managing only one type of single-space meter in inventory.

Why was Serco selected for the contract? For all of the RFP elements, Parking and Traffic wanted to select the comparatively best proposer, not the lowest responsive bidder. Parking and Traffic was asking for many products and services that did not have a

Parking Meter Management System

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well-defined standard in the parking industry, so the Request for Proposal was the best way for the department to evaluate options from potential bidders. The evaluation committee reviewed each proposer's response and scored each component separately. The evaluation committee selected Serco as the contractor for the three elements of the RFP because they proposed in their written submittal and supported in their oral interview the best scope of products and services for the City. Serco Management Services has extensive experience in project management and outsourcing services. They offered a technically superior single space meter that had card technology, extensive memory capacity, flexibility with expansion ports, and a superior display that has full word messaging capability. The multi-space meter proposed offered similar technical benefits, such as full messaging screens and smart card capabilities. The Oracle-based software solution they proposed is technologically flexible and robust. The City will own the software at the end of development rather than being tied to an equipment manufacturer's proprietary software. Serco has experience implementing high security smart card systems, like the Translink system we are proposing to adopt. Serco offered an in-depth training program for meter repairers, departmental managers, and their own employees. Serco's collection and coin counting proposals were well thought out, showing their knowledge of the business, their understanding of the importance of training and retaining employees, and the logistical needs of running such services for the City.

Basis of \$50 million not to exceed amount of the Serco Contract: Parking and Traffic anticipates additional payments through the contract. To protect the City's interest, we wanted to guarantee the negotiated terms and conditions, including pricing, would remain in place for more than the cost of the initial purchase of equipment and services. The Serco contract will be the City's source for purchasing new parking meters, replacement parts, and replacement equipment related to the meter system for the next five years. With the development of the Mission Bay area and the changing demands on parking South of Market, the Department had planned to survey and schedule public hearings recommending the addition of parking meters in certain areas. We estimate that we may add as many as 5,000 additional metered spaces with the development of Mission Bay, which would also generate the need for additional collection and coin counting services. All of these future products and services would be paid for through this contract. The additional dollar amount in the contract will ensure that the department will have the ability to purchase new meter inventory and expand collection and coin counting services without having to modify the contract.

If the not to exceed amount of the contract was lowered and was not sufficient to cover the products and services that the City had the approval to purchase, the City would need to modify the contract. By opening the contract up to modifications, Serco would have the leverage to renegotiate any of the contract terms and conditions, including the pricing. Before contract approval, the negotiation leverage lies with the City. After contract approval, when the City has already started its purchase of equipment and services, this leverage will shift to the contractor. If we need to modify the contract, we will expose the City to additional risk from Serco's potential request for renegotiation of contract terms and conditions, including pricing for products and services. To make any of the proposed parking meter changes or additions, Parking and Traffic would follow its customary

Parking Meter Management System

Page 4

public hearing practices and Board of Supervisor's approval process. Parking and Traffic would also seek Board of Supervisor approval to approve the appropriation of funds to support these contractual costs. The \$50 million proposed not to exceed amount would protect the City's originally negotiated terms and conditions.



City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HANDUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors

From: Julia Dawson, Deputy Director, Administration and Finance

Subject: Timeline and Major Milestones
Adjusted for New Estimated Contract Award Date

Date: April 24, 2002

Milestone	Estimated Date
Estimated Date of Contract Award	May 10, 2002
Certification of Meter Testing	June 10, 2002
Certification of Housing Testing	June 10, 2002
Quality Assurance Documentation for Installation Plan	June 10, 2002
Meter Collection Service Plan and Schedule	June 10, 2002
Coin Counting Service Plan and Facility Security Plan	June 10, 2002
Start Date for Meter Installation	July 11, 2002
Completion of Meter Installation	February 6, 2003
Set up Initial Parking Meter Management System	July 12, 2002
Completion of Phase I, Parking Meter Management System	October 18, 2002
Completion of Phase II, Parking Meter Management System	November 20, 2002
Begin software development for Smart Card Pilot	October 16, 2003
Smart Card Pilot Program Starts	June 10, 2004
Smart Card Pilot Program Complete	October 7, 2004

Department of Parking and Traffic
Total Estimated Cost of Serco Contract over 5 years
4/17/02

Equipment	Units	Price/Unit	Total	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total
Single Motor Mechanism	25,000	397.92	9,948,000						
Case	25,000	158.60	3,965,000						
Electronic vault locks	25,000	136.96	3,424,000						
Mechanical top locks	25,000	16.04	401,000						
Portable data terminals	55	6,090.50	334,978						
Keycards	165	56.60	9,339						
Decals	50,000	0.34	17,000						
Multi-space meters, 6 space	125	4,598.10	574,763						
Multi-space meters, 8 space	125	4,944.48	618,060						
Multi space meter accessories	1	40,449.00	40,449						
Smart Card Program	1		552,057						
Secure Access Modules (Translink)	25,000	20.00	500,000						
Meter Management System	1.00		1,073,784						
Software Licensing, Initial Year			22,700						
Meter Installation			5,615,473						
Spare mechanisms	1,500	385.65	578,475						
Spare mechanism batteries	5,000	4.57	22,850						
Spare PDT batteries	25	74.57	1,864						
Spare electromechanical locks	1,000	132.74	132,740						
Spare mechanical locks	4,000	15.54	62,160						
Subtotal			27,894,691						
Services									
Object									
027 Collection Services	1,146,624	1,146,624	1,146,624	1,146,624					5,785,069
027 Coin Counting Services	389,917	389,917	405,110						2,026,774

Total Estimated Cost of the Contract

35,706,534

Department of Parking and Traffic
Parking Meter Management System
Additional Costs and Revenues of Project

12-Apr-02

Expenditures Object	Term of Serco Contract							Total Project Cost
	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	
Contract Manager, 1024 P/h. Admin Analyst, Step 5								
001 Salary, Bi-weekly 3,273	85,425	87,988	90,628	93,347	96,147	99,031	102,002	654,568
013 Fringe	16,767	17,270	17,788	18,322	18,872	19,438	20,021	128,479
Total Labor	102,193	105,258	108,416	111,669	115,019	118,469	122,023	783,047
027 Net increase in Collection Costs	410,691	388,613	365,872	349,463	363,262	374,160	385,385	2,637,445
027 Net increase in Coin Counting Costs	181,586	175,336	184,092	187,886	191,818	197,572	203,499	1,321,788
060 Vehicles, 14 @ 17,500 each	245,000							245,000
040 Replacement batteries, spare parts and equipment		92,202	92,202	92,202	92,202	92,202	92,202	553,212
060 Financing Payment @ 5.5% (7-year term)	2,200,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	32,320,000
081C5 Oracle Software Licensing, DTIS		22,700	22,700	22,700	22,700	22,700	22,700	136,200
Total Non Labor	3,037,276	5,698,850	5,684,866	5,672,251	5,689,982	5,706,634	5,723,786	37,213,645
Total Labor and Non Labor	3,139,469	5,804,108	5,793,282	5,783,920	5,805,000	5,825,103	5,845,809	37,996,692
Additional meter revenue	3,347,546	5,922,000	5,922,000	5,922,000	5,922,000	5,922,000	5,922,000	38,879,546
Total Revenue	3,347,546	5,922,000	5,922,000	5,922,000	5,922,000	5,922,000	5,922,000	38,879,546
Revenue Less Expenses	208,077	117,892	128,718	138,080	117,000	96,897	76,191	882,854

Department of Parking and Traffic
Parking Meter Management System
Total Program Costs

Expenditures	Obj-Weekly Salary	Term of Serco Contract					FY 07/08	FY 08/09	Total Program Cost
		FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07			
001 1824 Prin. Admin Analyst	3,273	85,425	87,988	90,628	93,347	96,147	99,031	102,002	658,568
001 1844 Sr Management Asst	2,640	68,904	70,971	73,100	75,293	77,552	79,879	82,275	527,974
013 Fringe		31,004	31,934	32,892	33,878	34,895	35,942	37,020	237,564
Total Labor		185,333	190,893	196,620	202,518	208,594	214,852	221,297	1,420,106
027 Collection Services		1,146,624	1,146,624	1,146,624	1,153,637	1,191,561	1,227,308	1,264,127	8,276,503
027 Coin Counting		389,917	389,917	405,110	415,535	426,206	439,085	452,257	2,918,116
060 Vehicles, 14 @ 17,500 each		245,040							245,000
040 Replacement batteries, spare parts and equipment			92,202	92,202	92,202	92,202	97,202	97,202	553,212
060 Financing Payment @ 5.5% (7-year term)		2,200,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	32,320,000
081C5 Oracle Software Licensing, OHS			22,700	22,700	22,700	22,700	22,700	22,700	136,200
Total Non Labor		3,981,540	6,671,442	6,666,636	6,704,074	6,752,759	6,801,295	6,851,286	44,449,032
Total Labor and Non Labor		4,166,873	6,862,335	6,883,255	6,906,592	6,961,353	7,016,146	7,072,584	45,869,138

4/16/2002 18:22 415-554-7455

CONTROLLER EAC RM386



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
Controller

April 16, 2002

Department of Parking & Traffic
City and County of San Francisco
San Francisco, CA 94102

Re: Certification of Parking Meter Revenue (New Electronic Parking Meters)

Dear Mr. Fred Hamdun:

The Controller's Office has reviewed parking meter data provided by the Department of Parking and Traffic (Department) regarding the revenue impact pertaining to your Department's proposal to install new electronic parking meters throughout the City. This letter serves as your department's official notification that the Controller's Office has certified a projected revenue increase, assuming the installation of new electronic meters for an entire year, of 47 percent or \$5.9 million per year.

Total parking meter revenues for FY 2001-02 were budgeted at \$13.4 million, with \$7.6 million allocated to MUNI and \$5.8 million allocated to the Department of Parking and Traffic. At this time, we estimate that actual parking meter revenue for FY 2001-02 will be \$12.6 million, i.e. approximately \$0.8 million or 6 percent less than originally budgeted.

Installing new electronic parking meters appears to address three existing problems that lead to lost parking meter revenue: 1) missing meters, 2) broken meters, and 3) coin theft from meters. Based on the survey and demonstration project data provided by your office, the Controller's Office estimates that installing new electronic parking meters could effectively address these three problems with the following impact on annual parking meter revenues:

Parking Meter Problem	% / \$ Projected Increase in Revenue	
1. Reduce the number of missing meters	7.8% - 9.7%	\$0.98 - \$1.22 million
2. Reduce the number of broken meters	14.5% - 16.5%	\$1.83 - \$2.08 million
3. Reduce the amount of theft from meters	<u>22.5% - 23.5%</u>	<u>\$2.84 - \$2.96 million</u>
TOTAL	44.8% - 49.7%	\$5.64 - \$6.26 million

Based on these figures, we certify that installation of new parking meters will result in a \$5.9 million increase in parking meter revenue annually, which represents a 47 percent increase over the projected FY 2001-02 amount of \$12.6 million.

If you have any questions regarding the information in this certification letter, please contact Todd Rydstrom (415) 554-4809 or Joe Maturanga (415) 554-7569.

Sincerely,

Ed Harrington
Controller

Department of Parking and Traffic
All Revenues and Expenses Accrue to the Off-Street Parking Fund
4/16/02

Revenue	FY 99/00	FY 00/01	Projected FY 01/02	Proposed FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07
Parking Meter Revenue	13,081,360	12,927,791	12,536,233	15,883,809	18,522,000	18,522,000	18,522,000	18,522,000
transfer to Transportation Fund	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)
Parking Garages	3,950,250	4,470,370	4,548,536	4,875,966	5,022,245	5,172,912	5,328,100	5,487,943
Misc revenue	33,818							
Sale of electronic mechanisms				49,525				
GF support	893,934	505,892	1,047,252	940,748	1,353,824	1,527,681	1,708,542	1,925,553
Total Revenue	10,359,362	10,304,053	10,532,021	14,150,048	17,298,069	17,622,593	17,958,642	18,335,496
Expenses								
Other fund expenses - parking div	5,754,265	5,708,528	5,878,216	6,434,593	6,627,630	6,826,459	7,031,253	7,242,191
Other fund expenses - admin div	3,702,071	3,586,341	3,553,799	3,576,116	3,683,399	3,793,901	3,907,719	4,024,950
Meter Collection Services	512,051	605,959	735,933	1,146,624	1,146,624	1,146,624	1,153,637	1,191,561
Coin Counting Services	138,006	198,409	208,331	389,917	389,917	405,110	415,535	426,296
Materials and Supplies	252,969	204,816	155,742	157,798	407,798	407,798	407,798	407,798
Vehicles				245,000				
Software Licensing					22,700	22,700	22,700	22,700
Financing payment				2,200,000	5,020,000	5,020,000	5,020,000	5,020,000
Total Expenses	10,359,362	10,304,053	10,532,021	14,150,048	17,298,069	17,622,593	17,958,642	18,335,496

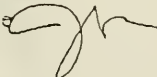
City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
 FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors

From: Julia Dawson, Deputy Director, Administration and Finance 

Subject: Remaining questions on proposed contract

Date: April 16, 2002

Here are answers to your remaining questions:

1. Why does the Department wish to replace all of the existing meters?

The Department wishes to replace all of its existing meters for a variety of reasons. All meter manufacturers have stopped making mechanical meters. Purchasing replacement parts is becoming nearly impossible for some models, such as the POM "S" meter, or cost prohibitive because ordering the parts requires a special order with a large minimum quantity for each replacement part that we require. We have very few electronic meters currently in the field. The Department felt it made sense to have a uniform meter on the street. With one type of meter, we could implement a common card system for payment (such a system requires special software development inside the meter mechanism), and save on replacement parts by maintaining one inventory. We also wished to purchase uniform casings that were equipped with an electronic lock that will be connected to the meter mechanisms so that data can be transmitted between meter and lock. The data transfer will ensure that we can reconcile the data collected by the meter with the coins collected, counted, and deposited. Our current inventory of electronic meters does not have this capability.

2. Total Points received by Serco for each RFP Element:

Element I	Points
Scope of Work	374
Price	13
Assigned Staff	70
Experience of Firm	106

Element II	Points
Scope of Work	200
Price	8
Assigned Staff	72

Follow up Questions

Page 2

Experience of Firm	106
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Element III	Points
Scope of Work	80
Price	6
Assigned Staff	51
Experience of Firm	83

3. Overall, the purpose of selecting services and equipment through a Request for Proposal Process is to minimize the emphasis on price and focus on the quality of the products and services proposed. The Purchasing Department, in consultation with DPT, developed the allocation of points in the evaluation criteria of the RFP.

Electronic parking meters are more like computers than their older mechanical counterparts. As a result, problems with quality control in manufacturing or serious limitations in the technology, such as memory capacity, and expandability for the future with additional data ports, become important elements in trying to select the best product on the market. When DPT field tested the electronic meters it had bought through its low bid contract, it had sudden and unexplained problems with battery life that were traced to faulty circuit boards, all of which needed to be replaced. Since the purchase of parking meters is a long term investment that generates revenue that support public bonds, the Municipal Railway, and a portion of DPT's operational expenses, DPT wanted to emphasize technical superiority over price.

Collection and Coin Counting Services also benefit from an emphasis on service over price. DPT's prior experience with collection service requests were selected by low bid have been negative. The contract was difficult to manage; service was poor, and the contractor paid low wages to its employees and suffered high employee turnover. We also had repeated problems with theft by the contractor's employees.

4. Due to the certification of increased revenue from the Controller's Office, the replacement of all of the parking meters can be covered with revenue from the meters. As a result, the Mayor's Office asked DPT to develop the project budget without using the \$1.6 million currently on reserve. At the end of the fiscal year, this amount of money will be closed out and used to benefit the General Fund.



City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HANDUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst

From: Julia Dawson, Deputy Director, Administration and Finance

Subject: Parking Meter Request for Proposal History

Date: April 19, 2002

On May 18, 1999, the Purchasing Department on behalf of the Department of Parking and Traffic issued an RFP for a Parking Meter Management System. The RFP was advertised in the official City newspaper. In addition, the Purchasing Department sent the RFP to companies that had requested it. Purchasing and the Department of Parking and Traffic issued five change notices. Final proposals were due to the City on June 30, 2000.

The Department of Parking and Traffic received nine responsive proposals. The RFP contained three elements: 1) single and multi-space parking meters, casings, electro-mechanical locks, related equipment, and installation services; 2) revenue collection services; and 3) coin counting services. Vendors could decide to submit proposals for any of the three proposal elements. The evaluation criteria were as follows. For Element I, the scope of work was given 450 points, the price proposal 30 points, assigned staff 30 points, and experience of firm 120 points. For Element II, the scope of work was given 200 points, the price proposal 10 points, assigned staff 80 points, and experience of firm 120 points. For Element III, the response to scope of work was given 100 points, the price proposal 10 points, the assigned staff 80 points, and the experience of firm 120 points.

The evaluation committee consisted of the following individuals:

Name	Title	Agency
Julia Dawson	Deputy Director	Parking and Traffic
George Reynolds	Parking Meter and Machine Shop Manager	Parking and Traffic
Steve Bell	Contract Administrator	Parking and Traffic
Adrienne Frazier	Meter Collections Manager	Parking and Traffic
Russell Driver	Translink Project Manager	Metropolitan Transportation Commission

Parking Meter RFP SummaryPage 2

The points each proposal received from the first round of scoring was as follows:

Element I: Parking Meters

<u>Proposer</u>	<u>Score</u>
Serco Management Services	580
Duncan	468
Worldwide Parking	434
Central Parking	360
Intellipark	188
Reinhardt	140
Medeco	99

Dunbar Did not submit a proposal for this element

On Street Did not submit a proposal for this element

Element II: Collection Services

<u>Proposer</u>	<u>Score</u>
Serco	402
Worldwide Parking	249
On Street	201
Dunbar	151
Central Parking	130

Duncan Did not submit a proposal for this element

Intellipark Did not submit a proposal for this element

Reinhardt Did not submit a proposal for this element

Medeco Did not submit a proposal for this element

Element III: Coin Counting

<u>Proposer</u>	<u>Score</u>
Worldwide	212
Dunbar	191
Serco	189
Central	115

Intellipark Did not submit a proposal for this element

Reinhardt Did not submit a proposal for this element

Medeco Did not submit a proposal for this element

Parking Meter RFP Summary

Page 3

The Evaluation Committee selected the top three proposers for each element for interviews. The resulting scores for each element were as follows:

Element I: Parking Meters

<u>Proposer</u>	<u>Score</u>
Serco Management Services	563
Duncan	506
Worldwide Parking	460

Element II: Collection Services

<u>Proposer</u>	<u>Score</u>
Serco	386
Worldwide Parking	249

On Street was contacted for an interview and did not respond to our invitation.

Element III: Coin Counting

<u>Proposer</u>	<u>Score</u>
Serco	220
Worldwide	217
Dunbar	214

The proposer with the lowest cost was awarded the highest points for the cost proposal. However, other evaluation criteria, such as the scope of work and experience of firm, were given more weight in the RFP evaluation criteria.

The proposal submitted by Serco Management Services, Inc. proposed a number of different subcontractors. MacKay will be providing the single space parking meters, Reino will be providing the multi-space meters, and Medeco will be providing the electromechanical lock as a subcontractor of MacKay. In addition, Serco has proposed to contract out the installation services to General Engineering.

Department of Parking and Traffic
Parking Meter Management System
Selling and Pricing Summary

Proposer	Points	SERCO	On Street	Duncan	IntelliPark	Worldwide	Dunbar	Central	Reinhardt	Medeco
First Round Scoring										
Element I	450	374		314	94	204		250	33	39
Scope of Work	20	10		11	10	24		23	3	4
Price Proposal	60	70		110	35	52		32	40	56
Assigned Staff	170	170		76	40	74		55	64	74
Experience of Firm	600	500		408	188	434		360	140	99
Total				\$19,253,769	\$12,100,000	\$15,452,946		\$18,003,910	\$1,241,400	\$2,448,104
Bid Price		\$21,129,981								
Element II	200	200	120			120	72	40		
Scope of Work	10	8	8			6	8	2		
Price Proposal	80	71	40			49	27	34		
Assigned Staff	120	116	33			74	44	54		
Experience of Firm	410	402	201			249	151	130		
Total		\$915,000	\$589,650			\$1,195,500	\$745,500	\$1,699,500		
Bid Price										
Element III	100	80				60	56	20		
Scope of Work	10	2				6	8	8		
Price Proposal	80	40				50	53	34		
Assigned Staff	120	79				80	73	53		
Experience of Firm	310	189				212	191	115		
Total		\$409,000				\$296,750	\$162,500	\$172,000		
Bid Price										
Second Round Scoring										
Element I	450	371		334		280				
Scope of Work	30	16		18		28				
Price Proposal	60	70		60		50				
Assigned Staff	120	106		94		84				
Experience of Firm	680	563		506		460				
Total										
Element II	200	200	120			120				
Scope of Work	10	8	8			6				
Price Proposal	80	72	40			49				
Assigned Staff	120	106	33			74				
Experience of Firm	410	386	201			249				
Total										
Element III	100	80				76	68			
Scope of Work	10	6				6	6			
Price Proposal	80	51				59	56			
Assigned Staff	120	83				70	84			
Experience of Firm	310	220				217	214			
Total										

Contract Proposal No. 75420
Bidder List

Duncan Industries Parking
Control System
340 Industrial Park Road
Harrison, AR 7260
Fax(870) 741-2868
Tel(870) 741-5841

J.J. MacKay
Attn: Dave Delaney
1342 Abercombie Road
P.O. Box 338
New Glason, Nova Scotia
Canada B2H5E3
Fax(902)422-8108
Tel(902) 423-7727

J.J. MacKay Canada LTD.
Attn: Gregory Chauvin
953 Barrington St., Suite 302
Halifax, Nova Scotia
Fax(902)422-8108

J.J. MacKay
Attn: Johnny Waldo
695 Hickey MTRLP
London, AR 72837
Fax(501) 293-4022
Tel(501)293-4022

POM, Inc
Attn: Kevin Dawe
200 S. Elmira Ave.
Russellville, AR 72801
Fax(501) 968-2840
Tel(800)331-7275

Serco Management Svcs., Inc.
Attn: Mike Walker
20 East Clementon Rd.
Gibbsboro, NJ 08026
Fax(609)346-8463
Tel(609)346-8800

Serco Managemetn Services, Inc.
Attn: Tim Sanocki
2200 Jerrold Ave., Unit M
San Francisco, CA 94124
Tel(415)-285-5046

Medeco High Security Locks
Attn: Mike Lumpkin
3625 Alleghney Drive
P.O. Box 3075
Salem, Virginia 24153-0330
Fax(540)380-1637
Tel(800)675-7558

Knox Company
Attn: Gordon Skotarczyk
17672 Armstrong Ave.
Irvine, CA 92614-5728
Fax(714)671-1114
Tel(714)671-1756

Loomis Fargo and Company
Attn: Maura R. Dugan
1060 Marin Street
San Francisco, CA 94103
Fax: 648-1304
Tel: 821-0687

Brinks Incorporated
Attn: K.C. White
3775 Alameda Ave., Suite A
Oakland, CA 94601
Fax(510)535-4510
Tel(510)535-4523

Dumbar Armored
Attn: Rosemary Ayala
629 Whitney Street
San Leandro, CA 94577
Fax(510) 569-7498
Tel (510) 569-7400

Armed Courier Services
Attn: Dan Connelly
855 Civic Center Drive #5
Santa Clara, CA 95050
Tel((408)241-0910
Fax(408) 241-0996

Kaba High Security Corporation
Attn: Thomas J. Divito
384 Old Turnpike Road
P.O. Box 490
Southington, CT 06489-0490
Fax(860)621-4727
Tel(860)621-3601 X123

Fleet Corporate Administration
Corporate Strategy and
Development
Attn: Alan D. Pease
Mail Stop: MA OF D02A
One Federal Street
Boston, MA 02110
Fax(617)346-0465

On Street Technology
Attn: Mike Inouye
15050 Avenue of Signs, Ste. 210
San Diego, CA 95128
Fax(619)674-8433
Tel(619)674-8430

Lockheed Martin IMS
Attn: George Ware
1133 15th Street NW
Washington, DC 20005
Tel(202)756-5600
Fax(202)756-5817

Lockheed Martin IMS
Attn: Matt Silverman
300 Frank W. Burr Blvd.
Teaneck, NJ 07666
Fax(201) 289-9630
Tel(201) 996-7070

Lockheed Martin IMS
Attn: Rona Schmidt
One Daniel Burnham Ct., Ste 400
San Francisco, CA 94901
Fax(415) 771-4601
Tel(415) 674-7835

Reinhardt USA
Attn: Patrick Ryan
2625 Polk Street, Suite 2
San Francisco, CA 94109
Fax447-7415

Metropolitan Transportation
Commission
Attn: Russell Driver
Joseph P. Bort Metrocenter
101 Eight Street
Oakland, CA 94607-4700
Fax (510)464-7848

Maas Hamilton
Attn: Jerry Dawson
8040 New Town Circle
Lexington, KY 40522
Fax(606)253-4748
Tel: 1-800-950-4744x203

Wells Fargo Bank
Cash Control Services
Attn: Ramona Sabelhaus
605 Third Street, Suite 200
San Francisco, CA 94107
Fax:777-2606

Central Parking System
Attn: K. Shin
100 First St., Suite 120
San Francisco, CA 94105f
Fax(415) 597-4875
Tel(415)597-4870

Bank of America
Attn: Lisa Nishkian
201 Third Street, 4th Floor
CAS 504 01
San Francisco, CA 94103
Fax(415)436-5817

US Chipcard Products
Martercard
Attn: Michael Tempora
2000 Purchase Street
Purchase, NY 10577-2509
Fax(914)249-4212

BidNet
10A Railroad Ave.
Albany, NY 12205

Philadelphia Parking Authority
Attn: Rina Culter
3101 Market Street
Philadelphia, PA 19104-2807
Fax(215)683-9712

PRWT Services, Inc.
Attn: Patty Jo Rutland
One Daniel Burnham Ct., Ste.
400
San Francisco, CA 94109
Fax(415) 202-0792
Tel(415) 674-7820

Muni Card Technology, Inc.
Attn: Peter Gilbourne
76 Ocean Ave., Suite 1111
Revere, MA 02151
Fax(703) 803-2168

CellNet Data Systems
Attn: Terese Cleary
125 Shoreway Road
San Carlos, CA 94070
Fax(650)592-6858

Capital Transporation
Attn: Joe Shaw
1130 Connecticut Ave., NW
Washington, DC 20036
Tel.(202) 728-6700
Fax(202) 728-1023

GSC
Attn: Jeff
485 Bayshore Blvd. Suite 3
San Francisco, CA 94124

SunWest Sales Co.
Attn: Annlo Amador
8128 Capwell Dr.
Oakland, CA 94621
Fax (510)569-7281
Tel (510) 569-6408

Centennial Distributors, Inc.
Attn: Romy Soriano
3176 17th Street
San Francisco, CA 94110
Fax (415) 861-8947
Tel(415) 861-1676

Intellimeter
Attn: Kathleen Bolger
130 Connecticut Ave., NW,
Ste.800
Washington, DC 20036
Fax(202)728-1023
Tel(202)263-0208

City of Boston
Office of the Parking Clerk
Attn: Bruce Graubart
Boston City Hall, Room 224
Boston, MA 02201
Fax (617) 635-4422

Parking Concepts, Inc.
Attn: Barry Schneider
651 California Street
San Francisco, CA 94108
Fax(415) 291-0345
Tel(415)956-3789

Motorola
Attn: David Gross
1980 Carroll Canyon Road
San Diego, CA 92131
Fax(619) 549-3695
Tel(619) 530-8426

Golden Gate Tech
Attn: John Cardevas/
Greg Flowers
1809 Sabre Street
Hayward, CA
Fax(510)786-3277
Tel(510)785-5720

Leemah Electronics, Inc.
Attn: Warren Gee
1088 Sansome Street
San Francisco, CA 94111
Fax(415) 433-2560
Tel(415) 394-1288x212

VISA USA
Attn: Liz Farnsworth
825 South Grant St., Ste. 900
San Mateo, CA 94402
Fax(650)432-1891
Tel(650)432-2183

Mike Inouye and Associates
Attn: Michael J. Inouye
11625 Buford Street
Cerritos, CA 90703
Fax(562)924-5597
Tel(562)924-5597

S.F. Department of Agriculture
Weights and Measures #70
Attn: Sid Baker
501 Cesar Chavez, Suite 109-A
San Francisco, CA
Fax(415)285-8776

Figure D1

Description of Parking Meter Feature		RFP Reference	Required by City	Mackay Guardian E-Purse
GENERAL SPECIFICATIONS				
fully electronic		1.A	yes	compliant
solid state components		1.A	yes	compliant
all new materials		1.A	yes	compliant
operate dependably from -20 to +185 deg. F.		1.A	yes	compliant
powered by 9-volt alkaline or 6-volt alkaline		1.A	yes	compliant
fit in POM Model "E", Duncan 95 or MacKay		1.A	yes	compliant
fit flush with the outside of the case		1.A	yes	compliant
programmable: 8 different coins/tokens or cards		1.A	yes	exceeds requirement
fully weatherproof		1.A	yes	exceeds requirement
FIELD SERVICEABILITY				
foreign objects can be cleared		1.B	yes	compliant
within a 3-minute time frame		1.B	yes	compliant
no special tools required		1.B	yes	compliant
POWER SUPPLY				
capable of operating for min. of 8 months		1.C	yes	compliant
maintain accurate time clock for min. of 5 minutes		1.C	yes	compliant
INDICATION, FRONT				
have a 5-digit LCD display on front of meter		1.D	yes	exceeds requirement
capable of indicating paid time and expired time		1.D	yes	exceeds requirement
separated by a colon(:) that flashes		1.D	yes	compliant

Description of Parking Meter Feature	RFP Reference	Required by City	MacKay Guardian F-Purse
indicate all necessary operating status messages	1.D	yes	exceeds requirement
additional front indications, mechanical and/or LED green for "paid", red for "expired", yellow for "failed"	1.D	yes	compliant
a user option to switch them off or on	1.D	yes	compliant
LCD or rotating mechanical display on rear of meter	1.E	yes	exceeds requirement
capable of clearly indicating paid/expired/failed status	1.E	yes	exceeds requirement
from a distance of at least 70 feet	1.E	yes	compliant
LCD indicators shall be a minimum size of 1" by 3"	1.E	yes	compliant
high contrast, high visibility red,	1.E	yes	compliant
programmable flash rate	1.E	yes	compliant
additional rear LED indications	1.E	yes	compliant
green "paid", red "expired", yellow "failed"	1.E	yes	compliant
a user option to switch them off or on	1.E	yes	compliant
RATE AND HOURS OF OPERATION INDICATION			
Rates, days, and hours of meter operation displayed clearly in the front of the meter	1.E	yes	compliant
MECHANISM INVENTORY			
supply and install a database file	1.G	yes	compliant
mechanism serial numbers	1.G	yes	compliant
models	1.G	yes	compliant
programmed rate and operational hours	1.G	yes	compliant
color/s of cases and caps	1.G	yes	compliant
COIN/CARD ACCEPTANCE			

Description of Parking Meter Feature		RFP Reference	Required by City	Mackay Guardian F-Purse
programmable; 8 different coins/tokens and/or cards		1.H	yes	exceeds requirement
user re-programmable to change recognition/time value		1.H	yes	compliant
coin chute shall be free-fall type		1.H	yes	compliant
no contact points; affected by grime and moisture		1.H	yes	compliant
entrance to chute; replaceable stainless steel		1.H	yes	compliant
entrance to chute; accommodate/screen var. coins		1.H	yes	compliant
an anti-backup provision to prevent retrieval of coins		1.H	yes	compliant
deposited directly into a sealed container		1.H	yes	compliant
card discriminator shall check validity of the card		1.H	yes	compliant
should have a wiper to remove moisture from the card		1.H	yes	compliant
UPGRADEABILITY				
upgradeable for future improvements		1.I	yes	exceeds requirement
PROGRAMMABLE FEATURE OPTIONS				
minimum standard time and rate features		1.J	yes	compliant
standard rate operation		1.J	yes	compliant
time of day multi-rate operation		1.J	yes	compliant
day of week multi-rate operation		1.J	yes	compliant
change current rate		1.J	yes	compliant
pre-payment during free or non-paid time		1.J	yes	compliant
no-parking times		1.J	yes	compliant
power saver feature for no-pay periods		1.J	yes	compliant
overtime periods		1.J	yes	compliant
grace periods		1.J	yes	compliant
initial free time for card users		1.J	yes	compliant

Description of Parking Meter Feature	RFP Reference	Required by City	MacKay Guardian E-Purse
INTERNAL TIMEKEEPING			
365-day calendar real-time clock	1.K	yes	compliant
backup capacitor to retain time settings; replacements	1.K	yes	compliant
programmable: 1-year advance, daylight savings time	1.K	yes	exceeds requirement
time of day clock: accurate to 10-20 seconds per week	1.K	yes	compliant
time of day clock: operate during standard/multi-rate	1.K	yes	compliant
time of day clock: tracks the day of week - Mon. to Sun.	1.K	yes	compliant
time of day and day of week must be displayed	1.K	yes	compliant
time of day clock: perform complete electronic check	1.K	yes	compliant
MEMORY RETENTION AT POWER FAILURE			
mechanism must be able to retain all stored program and audit data for minimum period of one year	1.L	yes	exceeds requirement
ELECTRONIC PURSE REQUIREMENTS			
secure application module (SAM) socket mounted	1.M	yes	exceeds requirement
easily replaced in the field	1.M	yes	compliant
meter microprocessor	1.M	yes	exceeds requirement
minimum of 8 K serial EEPROM for electronic data storage	1.M	yes	exceeds requirement
control parameters and transaction data	1.M	yes	exceeds requirement
store card balance and transaction amounts	1.M	yes	exceeds requirement
store card serial numbers	1.M	yes	compliant

Description of Parking Meter Feature		RFP Reference	Required by City	MacKay Guardian E-Purse
store other electronic cash data transaction requirements		1.M	yes	exceeds requirement
REVENUE AUDIT CAPABILITIES				
record/store the number of valid coins		1.N	yes	compliant
record/store the number of valid cards		1.N	yes	compliant
accurate to 99% of actual deposits		1.N	yes	compliant
information retrieved via a PDT		1.N	yes	compliant
programmable: reset to zero after audit		1.N	yes	compliant
cumulative until purposely reset		1.N	yes	compliant
audit figures not affected by maintenance, resetting the meter or other purposes		1.N	yes	compliant
COIN/CARD ACCEPTANCE AND DISCRIMINATION				
coin chute & coin reader must be plug-in modules and must be easily serviced and repaired in the field		1.O	yes	compliant
accept up to 8 different coins/tokens and a chip-based smart card		1.O	yes	exceeds requirement
accept coins through a single, replaceable, stainless steel coin entrance slot		1.O	yes	compliant
use a dual coil coin discriminator device		1.O	yes	compliant
use a third coil activation system		1.O	yes	compliant
coin discrimination system registers both metallic and non-metallic jams		1.O	yes	compliant
coin chute and card reader allows the easy removal of foreign objects		1.O	yes	compliant
mechanism records all invalid coins passing through the coin chute		1.O	yes	compliant
card reader must be non-locking or otherwise permit users to remove cards without damage during a fault situation or power failure		1.O	yes	compliant
DATA MANAGEMENT AND INTEGRATION				
all operational data must be downloadable from the meter mechanism to the PDT		1.P	yes	compliant
incorporated into meter management sys.		1.P	yes	compliant

Description of Parking Meter Feature	RFP Reference	Required by City	MacKay Guardian E-Purse
TRANSFER OF DATA			
avg. time of repair/field audit: 3 seconds	1.Q	yes	compliant
avg. time of field programming: 10 seconds	1.Q	yes	compliant
FIELD COMMUNICATIONS			
field communications shall be via PDT	1.R	yes	compliant
infrared meter face systems must be able to communicate with the meter up to a distance of 8 inches	1.R	yes	compliant
within a 45-degree angle of the meter face	1.R	yes	compliant
must recognize and verify commands from an authorized PDT only	1.R	yes	compliant
activities using a PDT:	1.R	yes	compliant
reprogramming of time and rate structures	1.R	yes	compliant
retrieval of audit information and electronic cash transactions (including mechanism serial number)	1.R	yes	compliant
retrieval of maintenance information (including mechanism serial number and battery voltage)	1.R	yes	compliant
FIELD COMMUNICATIONS (continued)			
each communication session update the mechanism's clock, calendar, and day of, week information	1.R	yes	compliant
sufficient memory and appropriate programming to keep a minimum of a 50 items, date and time stamped internal record of the meter's operational status	1.R	yes	exceeds requirement
record must include all data that relate to the enforceability of the mechanism	1.R	yes	compliant
data shall be securely transferred from the meter, through the PDT, to the meter management system	1.R	yes	compliant
SWAPPING METERS			
PDT will program the replacement mechanism with a new copy of the rate/time program in effect at that post location	1.S	yes	compliant

Description of Parking Meter Feature	RPP Reference	Required by City	MacKay Guardian E-Purse
PDT must allow a repairer to enter essential data manually at the time of the exchange	I.S	yes	compliant
PDT must record this data and be able to transfer it to the meter management system	I.S	yes	compliant
COIN/CARD CHECK DURING MAINTENANCE			
feature that prevents coin and debit card maintenance or test transactions from registering in revenue totals	I.T	yes	compliant
SMART CARD READER			
equipped with a card reader: smart card	I.U	yes	compliant
accept an industry standard size card	I.U	yes	compliant
secure smart card support	I.U	yes	compliant
molded instruction for card insertion	I.U	yes	compliant
debit card slot shall not allow U.S. coin entry	I.U	yes	compliant
objects can be removed within 3-minutes	I.U	yes	compliant
foreign objects removed within 3-minutes	I.U	yes	compliant
display the balance loaded on the card	I.U	yes	compliant
meter display must credit in increments	I.U	yes	compliant
card cannot be decremented in excess of the time available for purchase on the meter	I.U	yes	compliant
electronic cash transaction must be recorded before time is credited on the meter mechanism	I.U	yes	compliant
Increment debits for each transaction should be accumulated and posted as one transaction to save meter and card memory	I.U	yes	compliant
programmed with an appropriate delay	I.U	yes	compliant
message to prompt cardholder to reinsert card	I.U	yes	compliant
meter mechanism will reset itself after an appropriate interval	I.U	yes	compliant

Description of Parking Meter Feature	RPP Reference	Required by City	MacKay Guardian E-Purse
PERIPHERAL PORT			
shall feature a peripheral port interface	1.V	yes	compliant
connected to the mechanism's microprocessor	1.V	yes	compliant
multi-functional port	1.V	yes	compliant
capable of inputting and retrieving data	1.V	yes	compliant
to and from the mechanism	1.V	yes	compliant
MODULAR COMPONENTS			
modular components	1.W	yes	compliant
PERFORMANCE STANDARD FOR SINGLE-SPACE METER MECHANISMS			
technical specifications	1.X	yes	compliant
specifications must match the mechanisms that the Proposer plans to deliver to the City	1.X	yes	compliant

City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors

From: Julia Dawson, Deputy Director, Administration and Finance

Subject: Meter Purchasing in Other Cities

Date: April 12, 2002

The Budget Analyst has asked if any other cities have entered into a contract like the one we have proposed. To DPT's knowledge, the only City that has ever issued a Request for Proposal with a similar scope of products and services is Washington DC. They issued a Request for Proposal (RFP) in February 1997. In their proposal, they requested proposers to convert the City's 15,500 meters to electronic ones. The RFP also included installation, financing for all of the equipment provided, maintenance, meter collection, coin counting, and deposit of revenue. In 1997, Washington DC awarded a seven year contract to Lockheed Martin IMS. To support all of the equipment and services provided, Lockheed Martin IMS receives 30% of the revenue collected. According to Washington DC, the City collects about \$12 million per year.

Most cities are required to purchase equipment, such as parking meters, by low bid. Local purchasing regulations do not permit many cities to combine products and services under one RFP.



**Municipal Transportation Agency
City and County of San Francisco**



To: Anna LaForte
Budget Analyst's Office

From: Virginia Harrington
Deputy General Manager, Finance & Administration

Date: April 24, 2002

Subject: Questions regarding DPT's Proposed Parking Meter Management Contract

This memorandum responds to your questions regarding the proposed Department of Parking & Traffic (DPT) parking meter management contract with Serco. Your questions and our responses are shown below.

1) Why can't Muni continue to provide coin counting services?

DPT has indicated that they need additional coin counting capacity above and beyond the level currently provided. Given the increased coin counting requirements identified, Muni's Revenue Section lacks the physical space and equipment required to fulfill this function. In order to continue the coin counting function in FY2002/03, Muni would need to upgrade equipment, and remodel and expand the physical space available at the Processing Center, which would be extremely difficult at the existing facility. This would also increase the cost to DPT of its work order to Muni.

At this stage, with the "Translink" electronic fare card undergoing a pilot program throughout the Muni Metro system, it would not be prudent for Muni to make a substantial investment in additional coin counting technology or facilities. Muni will reassess its Revenue Section facility and equipment requirements as the Translink pilot program progresses.

2) Would Muni absorb the three positions in the Revenue Division into Muni's annual operating budget? Why? What is the clear benefit to keeping these positions at Muni if DPT's parking meter coin counting services are contracted out to Serco?

The Municipal Transportation Agency adopted a balanced FY2002/03 operating budget request, which has been submitted to the Mayor and the Board of Supervisors. The budget request incorporates the elimination of the coin-counting services that are currently provided to DPT.

**Municipal Transportation Agency
City and County of San Francisco**

Specifically, Muni's FY2002/03 budget request deleted the \$212,000 in work order funding that Muni has previously received from DPT. Muni deleted funding for two Revenue Section positions (job classification 9110), which had been funded from the DPT work order.

A third supervisory position (job classification 9116), which also had been funded from the DPT work order, has been reassigned to the Revenue Section's Field Unit, which is responsible for collecting fare revenue from vehicle fare boxes and subway stations, and delivering the revenue to the Revenue Center. That Unit previously had been understaffed. In addition, Muni has been able to reduce the Revenue Section's FY2002/03 overtime budget by moving this position back to the Field Unit. The funding for that position has been identified within Muni's FY2002/03 "base budget." The base budget includes only the amount of General Fund support required by formula under Proposition E (adopted in 1999), which created the Municipal Transportation Agency.

3) Why wouldn't Muni's budget be reduced? If it would be reduced, then by how much?

As indicated in the response to Question 2, in its FY2002/03 budget request, Muni eliminated the \$212,000 in funding associated with the DPT work order for coin counting, and deleted funding for two of the three positions that had been associated with the work order.

Please let me know if you have any other questions.

cc: Laura Spanjian
Christine Ruiz



City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors
From: Julia Dawson, Deputy Director, Administration and Finance
Subject: Meter Collection Contract
Date: April 12, 2002

Currently, Serco Management Services, Inc performs parking meter collections for the Department of Parking and Traffic (DPT). The collection contract was awarded September 1, 1997, with the original term extending to August 31, 2000. The pricing on this initial contract was \$0.3388 per parking meter collected. The contract was initially advertised and awarded on the basis of the lowest bid per meter collected. In April 1997, the Controller's Office certified that at the proposed contract price, the services could be performed at a lower cost than work performed by City employees.

In 2000, DPT requested that the Purchasing Department extend this contract for an additional year at a revised price of \$0.415 per meter collected. In 2001, DPT requested that the Purchasing Department extend this contract on a month to month basis subject to a 30-day cancellation notification. This contract extension has a revised price of \$0.54 per meter collected.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Parking and Traffic

CONTRACT SERVICES: Parking meter collection and coin counting

CONTRACT PERIOD: 2002-2007

- (1) Who performed the activity/service prior to contracting out?

Meter collection: San Francisco Tax Collector's Office

Coin counting: San Francisco Municipal Railway

- (2) How many City employees were laid off as a result of contracting out?

Meter collection: None

Coin counting: According to the manager of MUNI's revenue section, they will readily absorb the three positions currently assigned to the coin counting programs and no layoffs will be necessary as a result of contracting out for these services.

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

Meter collection: The DPT contract manager (1844 Sr Management Asst.) spends 75% of her time overseeing collection activities.

Coin counting: The DPT contract manager spends 25% of her time overseeing coin counting activities.

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Meter collections have been contracted out since 1978. Both meter collections and coin counting will be ongoing requests for contracting out.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

The collection contract was originally certified in 1978 and has been certified at each contract rebid.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

MBE/WBE compliance is not required because the contract exceeds \$10 million. However, the contractor is in compliance with the department's action plan.

- (8) Does the proposed contractor provide health insurance for its employees?

Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

The contractor has been certified by HRC as being in compliance with the domestic partners ordinance.

- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

Yes

Department Representative: Julia Dawson

Telephone Number: 554-9823

Item 10 - File 02-0615

Department: Mayor's Office of Community Development (MOCD)
Mayor's Office of Housing (MOH)

Item: Resolution approving the FY 2002-2003 Community Development Program, and authorizing the Mayor, on behalf of the City and County of San Francisco, to accept and expend (a) the City's FY 2002-2003 Community Development Block Grant (CDBG) Entitlement from the U.S. Department of Housing and Urban Development, and (b) Program Income up to \$33,722,231 which includes indirect costs of \$160,000; and approving expenditure schedules for recipient departments and agencies for indirect costs.

Description: Refer to the Budget Analyst's separate report of May 1, 2002 on the FY 2002-2003 Community Development Block Grant (CDBG) Program.

Item 11 - File 02-0616

Department: Mayor's Office of Community Development (MOCD)

Item: Resolution approving the FY 2002-2003 Emergency Shelter Grants Program and expenditure schedule and authorizing the Mayor, on behalf of the City and County of San Francisco, to accept and expend a \$879,000 entitlement under the Emergency Shelter Grants Program from the Federal Department of Housing and Urban Development.

Amount: \$879,000

Source of Funds: Federal Department of Housing and Urban Development (HUD)

Grant Period: July 1, 2002 through June 30, 2003

Description: The HUD Emergency Shelter Grants Program was first established under the Stewart B. McKinney Homeless Assistance Act in July of 1987. The program is designed to assist in (a) improving the quality of existing emergency shelters for the homeless, (b) making available additional emergency shelters, and (c) meeting the costs of operating emergency shelters. The goal of the program is to provide certain essential social services to homeless individuals so that those persons have access to the support services needed to improve their situations.

The Mayor's Office of Community Development (MOCD) is responsible for administering and monitoring the Emergency Shelter Grants Program (ESGP). Funds from the ESGP are budgeted under five categories which include three program categories (Essential and Social Services, Maintenance and Operating Expenses and Homeless Prevention Services) and two other categories (MOCD administration and the Emergency Shelter Pool). MOCD proposes to allocate grant funds in the amount of \$879,000 from the FY 2002-2003 ESGP grant (which is \$92 less than the FY 2001-2002 ESGP allocation of \$879,092) to (a) 17 non-profit organizations for projects in the three program categories noted above, (b) MOCD administrative costs, and (c) the Emergency Shelter Pool.

Approval of the proposed resolution would (a) authorize the MOCD to accept and expend the FY 2002-2003 Emergency Shelter Grant and (b) approve the FY 2002-2003

Emergency Shelter Grants Program and expenditure schedule.

Budget: The proposed summary budget for the ESGP allocation of \$879,000 is as follows:

<u>Program</u>	<u>FY 2001-2002 Budget</u>	<u>Proposed FY 2002-2003 Budget</u>	<u>Increase/ (Decrease) from FY 2001-2002 Budget</u>
American Red Cross	\$68,000	\$68,000	\$ -
Asian Women's Shelter	56,000	56,000	-
Catholic Charities/ St. Joseph's Village	25,000	25,000	-
Central City Hospitality House	15,000	15,000	-
Compass Community Services	50,000	50,000	-
Dolores Street Community Services	48,000	48,000	-
Episcopal Community Services	40,000	40,000	-
Friendship House Association	36,900	36,900	-
Hamilton Family Center, Inc.	50,000	50,000	-
La Casa de las Madres	77,300	77,300	-
Larkin Street Youth Center	54,000	54,000	-
Metropolitan Community Foundation	47,000	47,000	-
MOCD Administration (5%)	44,042	43,950	(92)
Bar Association of San Francisco/ Volunteer Legal Services Program	60,000	60,000	-
San Francisco Eviction Defense Collaborative	25,000	25,000	-
San Francisco League of Urban Gardeners (SLUG)/ Bayview Safe Haven	28,250	0	(28,250)
St. Vincent de Paul Society	20,000	20,000	-
Swords to Plowshares	38,600	38,600	-
United Council of Human Services	96,000	96,000	-
Emergency Shelter Pool	0	28,250	28,250
Total	\$879,092	\$879,000	(\$92)

Attachment I, provided by MOCD, contains the ESGP FY 2001-2002 budget and FY 2002-2003 proposed budget. Attachment II, provided by MOCD, contains a list, including descriptions, of the above programs. Funding for MOCD administrative costs, which is 5 percent of total costs, decreased from \$44,042 in FY 2001-2002 to \$43,950,

BOARD OF SUPERVISORS
BUDGET ANALYST

a decrease of \$92. The Budget Analyst's review of the MOCD Administration budget is included in File 02-0615.

The Emergency Shelter Pool, which did not receive ESGP funds in FY 2001-2002, would receive ESGP funds in the amount of \$28,250 in FY 2002-2003. The Emergency Shelter Pool would be available for emergency shelter and homeless services most likely to be required during the winter months.

According to Mr. Jon Pon of the MOCD, SLUG/ Bayview Safe Haven, which received \$28,250 in FY 2001-2002, did not apply for ESGP funds in FY 2002-2003.

The total ESGP allocation in FY 2002-2003 of \$879,000 is \$92 less than the FY 2001-2002 allocation of \$879,092.

Required Match: HUD requires one-to-one matching funds, totaling \$879,000, for the ESGP funds.¹ According to Mr. Phil Arnold of DHS, such matching funds have been budgeted in the proposed FY 2002-2003 DHS budget. Mr. Arnold reports that the source of the required matching funds is General Fund monies included in the DHS budget for homeless shelters.

Indirect Costs: None.

Comments:

1. As noted above, the subject ESGP grant would allocate funds to (a) 17 non-profit organizations, (b) MOCD administrative costs, and (c) the Emergency Shelter Pool. The Budget Analyst recommends approval of existing programs with the same funding level as the prior year. Approval of the allocation of \$28,250 to the Emergency Shelter Pool is a policy matter for the Board of Supervisors.
2. Attachment III is a Grant Application Information Form, provided by the MOCD, which includes a Disability Access Checklist.

Recommendations: 1. Approve funding in the amount of \$850,750 (\$879,000 less new or increased funding of \$28,250).

¹ The Budget Analyst notes that the Grant Information Form (Attachment III) incorrectly states that no matching funds are required by HUD, the granting agency. According to Mr. Pon, one-to-one matching funds, totaling \$879,000, are required by HUD, and a corrected Grant Information Form will be submitted by MOCD for the Board of Supervisors file.

Memo to Finance Committee
May 1, 2002 Finance Committee Meeting

2. Approval of increased funding of \$28.250 for the Emergency Shelter Pool is a policy matter for the Board of Supervisors.

Agency	1 Y01	Rq 2002	2002	Diff	Comment
Emergency Shelter Grant Program					
American Red Cross Bay Area, SF	68,000	65,000	68,000		0
Asian Women's Shelter	36,856	36,856	36,856		0
Asian Women's Shelter	19,144	19,144	19,144		0
BASF/Volunteer Legal Services Program	60,000	60,000	60,000		0
Catholic Charities/St. Joseph's Village	25,000	47,966	25,000		0
Central City Hospitality House (Orlando)	15,000	20,000	15,000		0
Compass Community Services	50,000	50,000	50,000		0
Dolores St Community Services/So Van Ness Loc	44,500	46,500	44,500		0
Dolores St Community Services/So Van Ness Loc	3,500	3,500	3,500		0
Episcopal Community Services of SF	40,000	40,000	40,000		0
Eviction Defense Collaborative	25,000	30,000	25,000		0
Friendship House Association of American Indians,	36,900	63,950	36,900		0
Hamilton Family Center, Inc	50,000	50,000	50,000		0
La Casa de las Madres	45,782	45,782	45,782		0
La Casa de las Madres	31,518	31,518	31,518		0
Larkin Street Youth Center	54,000	54,000	54,000		0
Metropolitan Community Foundation	47,000	77,780	47,000		0
St Vincent DePaul Society	20,000	20,000	20,000		0
Swords to Plowshares	31,400	46,115	31,400		0
Swords to Plowshares	7,200	7,200	7,200		0
United Council of Human Services (The)	67,600	96,600	67,600		0
United Council of Human Services (The)	28,400	28,400	28,400		0
MOCDC (5% Admin)	44,042	43,950	43,950		-92
Emergency Shelter Pool	0	28,250	28,250		28,250
African Immigrant and Refugee Resource Center	0	10,000	0		0
Family Restoration House	0	40,000	0		0
SOMA Partnership	28,250	51,884	0		0
SLUG/Bayview Safe Haven	879,092	0	0		-28,250
TOTAL EMERGENCY SHELTER		1,117,395	879,000		-92

Emergency Shelter Grant Program

<u>Activity Name and Location</u>	<u>Program Description</u>	<u>2002/03 Budget</u>
Emergency Shelter Grants		
<i>This program funds projects and services for homeless individual and families.</i>		
1. American Red Cross (Bay Area) 1440 Harrison Street	Provide one-time grants to eligible non-disabled single/couples that are at risk of eviction.	\$68,000
2. Asian Women's Shelter 3543 18th Street	Operating expenses to run shelter	\$19,144
3. Asian Women's Shelter 3543 -18th Street	Provide intensive case management, counseling, collaboration and advocacy for battered women and their children	\$36,856
4. BASF/The Volunteer Legal Services Program 1360 Mission Street	Provide eviction defense, benefits advocacy, family law, immigration, and domestic violence to low income clients.	\$60,000
5. Catholic Charities 240 Golden Gate Avenue	Provide rental assistance to very low-income families and single individuals in danger of eviction or moving from transitional housing to permanent housing.	\$25,000
6. Central City Hospitality House 146 Leavenworth Street	Provide case management and shelter to homeless adult males	\$15,000
7. Compass Community Services 111 Taylor Street	Provide emergency shelter to homeless families at Compass Family Center.	\$50,000
8. Dolores Street Community Services 938 Valencia	Provide operating expenses for homeless facility serving Latinos.	\$3,500
9. Dolores Street Community Services 938 Valencia Street	Provide case management and employment advocacy services to homeless working Latino.	\$44,500
10. Emergency Shelter Pool		\$28,250
11. Episcopal Community Services of SF 201 8th Street	Provide shelter and meals to homeless adults	\$40,000
12. Eviction Defense Collaborative, Inc. 433 South Van Ness Avenue	The Eviction Defense Collaborative (EDC) provides legal assistance to tenants facing eviction lawsuits.	\$25,000

Emergency Shelter Grant Program

<u>Activity Name and Location</u>	<u>Program Description</u>	<u>2002/03 Budget</u>
13. Friendship House Association of American Indians 333 Valencia Street	Provide temporary shelter in a clean and sober environment for homeless American Indians.	\$36,900
14. Hamilton Family Center, Inc 1525 Waller Street	Provide rent for emergency family shelter.	\$50,000
15. La Casa de las Madres 1850 Mission Street	Operating expenses to run the program	\$31,518
16. La Casa de las Madres 1850 Mission Street	Provide shelter and support services to battered women and their children	\$45,782
17. Larkin Street Youth Center 536 Central Avenue	Providing emergency shelter and other services to underage youth.	\$54,000
18. Metropolitan Community Foundation 3750 18th Street	Provide shower, locker rooms, food, and personal hygiene to homeless adults on weekends at Mission High School.	\$47,000
19. MOCD/ESG Administration	Provide for administration of ESG Program,	\$43,950
20. St. Vincent de Paul Society of SF 425 Fourth Street	Provide emergency shelter for battered women and their children.	\$20,000
21. Swords to Plowshares 1063 Market Street	Provide counseling and case management services to homeless and at-risk veterans.	\$31,400
22. Swords to Plowshares 1063 Market Street	Provide counseling and case management services to homeless veterans.	\$7,200
23. United Council of Human Services 2111 Jennings Street	Provide services to homeless or at-risk of becoming homeless, including a pantry program, food bag program, hot meal program, clothing bank, life skills training and coordinated referrals.	\$96,000
TOTAL ESG		\$879,000

File Number: _____
(Provided by Clerk of Board of Supervisors)

Grant Information Form

(Effective January 2002)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Emergency Shelter Grant
2. Department: Mayor's Office of Community Development
3. Contact Person: Pamela David Telephone: 252-3100
4. Grant Approval Status (check one):

☐ Approved by funding agency☒ Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$879,000
- 6a. Matching Funds Required: \$ 0
- b. Source(s) of matching funds (if applicable):
- 7a. Grant Source Agency:
- b. Grant Pass-Through Agency (if applicable):
8. Proposed Grant Project Summary:

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: 07/01/2001

End-Date: 06/30/02

10. Number of new positions created and funded: 0
11. If new positions are created, explain the disposition of employees once the grant ends?
- 12a. Amount budgeted for contractual services:
 - b. Will contractual services be put out to bid?
 - c. If so, will contract services help to further the goals of the department's MBE/WBE requirements?
 - d. Is this likely to be a one-time or ongoing request for contracting out?

13a. Does the budget include indirect costs? ☐ Yes ☒ No

b1. If yes, how much? \$

b2. How was the amount calculated? Estimated based on previous years expenditures.

c. If no, why are indirect costs not included?

☐ Not allowed by granting agency

☐ To maximize use of grant funds on direct services

☒ Other (please explain): Included in Community Development Block Grant

14. Any other significant grant requirements or comments:

****Disability Access Checklist****

15. This Grant is intended for activities at (check all that apply):

☒ Existing Site(s)

☒ Existing Structure(s)

☒ Existing Program(s) or Service(s)

☒ Rehabilitated Site(s)

☒ Rehabilitated Structure(s)

☒ New Program(s) or Service(s)

☒ New Site(s)

☒ New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

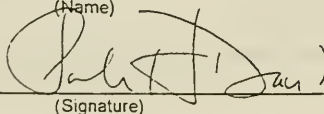
Comments:

Departmental or Mayor's Office of Disability Reviewer: Eugene Flannery _____
(Name)

Date Reviewed: 3/31/01 _____

Department Approval: Pamela David
(Name)

Director
(Title)


(Signature)

Item 12 - File 02-0617

Department: Mayor's Office of Housing (MOH)

Item: Resolution (a) authorizing the Mayor to accept and expend a grant from the Federal Department of Housing and Urban Development for a total amount not to exceed \$7,865,000 for the Home Program, authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, and (b) approving the Home Program description, as described in the 2002 Action Plan for San Francisco's Consolidated Plan. Indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant Funds.

Amount: Not to exceed \$7,865,000

Grant Period: July 1, 2002 through June 30, 2003

Source of Funds: Federal Department of Housing and Urban Development (HUD)

Project: Home Investment Partnership (HOME) Program

Description: The HOME Program is authorized under Title II of the National Affordable Housing Act of 1990 (Public Law Number 101-625). The Act provides funds for the acquisition, rehabilitation, and development of privately-owned affordable housing.

In August of 1994, HUD issued regulations requiring that a Consolidated Plan be developed for (a) the HOME Program, (b) the Housing Opportunities for People with AIDS (HOPWA) Program, and (c) the Community Development Block Grant (CDBG) Program. Under these regulations, MOH has developed a "Preliminary 2002 Action Plan for the City and County of San Francisco, Draft for Public Review"¹. The MOH advises that the Preliminary 2002 Action Plan, when finalized to reflect the program funding to be approved by the Board of Supervisors for the three programs noted above, will function as the MOH grant

¹ The "Preliminary 2002 Action Plan for the City and County of San Francisco, Draft for Public Review", contains the City's plans and programs for privately and non-profit owned housing, totaling \$55,339,477, as shown on the following page. The Final 2002 Action Plan will reflect the program funding requests as approved by the Board of Supervisors in this subject HOME Program legislation, and other legislation being considered by the Finance Committee (Files 02-0615 and 02-0616).

application for HOME program funding from HUD. MOH and the Mayor's Office of Community Development (MOCD) must submit the 2002 Action Plan to HUD by May 15, 2001. According to the Preliminary 2002 Action Plan for privately and non-profit owned housing development and administrative costs, the MOH anticipates receiving \$7,865,000 which is \$31,000 less than the 2001 allocation of \$7,896,000.

Projected funds for the Preliminary 2002 Action Plan for privately owned housing developments totals \$55,339,477 including \$6,878,500 of the proposed \$7,865,000 HOME grant allocation ² and various other sources of funding, as follows:

Funding Source		Amount
<i>Federal Funds</i>		
HOME	\$6,878,500	
CDBG ³	5,332,977	
CDBG Program Income	750,000	
HOPWA	<u>988,000</u>	
<i>Subtotal, Federal Funds</i>		\$13,939,477
<i>Local Sources</i>		
Hotel Tax Fund	\$5,100,000	
Citywide Tax Increment (T.I.)	2,000,000	
SOMA T.I.	8,500,000	
Western Addition T.I.	7,200,000	
Mission Bay Project Funds	1,200,000	
Mid-Market	4,000,000	
Bayview Hunters Point	8,000,000	
Proposition A Bonds*		
Development Account Repayments	<u>5,400,000</u>	
<i>Subtotal, Local Funds</i>		\$41,400,000
Total		\$55,339,477

* Proposition A was approved in November of 1996, authorizing the City to issue up to \$100,000,000 in General Obligation Bonds to finance the development of affordable rental housing for low-income households. The Board of Supervisors has previously authorized sale of \$100,000,000 of Proposition A bonds.

The 2002 HOME Program funds of \$6,878,500 represents approximately 12.4 percent of the total \$55,339,477 in

² The funding sources noted above are for capital projects only. Of the proposed HOME grant, totaling \$7,865,000, \$6,878,500 is designated for capital projects (including acquisition and rehabilitation of housing and new housing construction), \$50,000 is designated for tenant rental assistance, and \$936,500 is designated for HOME program administrative costs.

³ Community Development Block Grant (CDBG) funds are the subject of File 02-0615.

projected funds for privately owned housing development in San Francisco.

Procedures for allocating HOME Program funds were approved by the Board of Supervisors in August of 1992 (File 68-92-4.1) and revised in February of 1994 (File 68-94-7). These procedures outlined broad criteria and the process for allocating the HOME Program funds, including notification procedures to interested parties on the availability of housing funds, evaluation of funding proposals, and criteria for underwriting housing loans. Projects eligible for HOME funding are defined as follows:

- (a) Construction of new housing units or rehabilitation of existing housing units, which will be owned and managed by the applicant for HOME funding, and which will be occupied by households with incomes that do not exceed 60 percent, or \$51,660, of the median income of \$86,100 for a family of four in the San Francisco metropolitan area, established by HUD, or
- (b) First-time home ownership assistance for low-income persons with household incomes that do not exceed 80 percent, or \$68,880, of the median income of \$86,100 for a family of four in the San Francisco metropolitan area, established by HUD.

HOME regulations require that a minimum of 15 percent of the City's proposed FY 2002-2003 HOME allocation of \$7,865,000, or \$1,179,750, be reserved for housing developed, sponsored or owned by non-profit Community Housing Development Organizations (CHDOs). According to Mr. Joe LaTorre of MOH, nearly all of San Francisco's affordable housing development efforts in recent years have been conducted in collaboration with local community-based non-profit housing development corporations, several of which have satisfied HUD requirements to qualify as CHDOs. According to Mr. LaTorre, CHDOs are expected to continue performing the roles that non-profit housing development corporations have traditionally performed in San Francisco, including acquisition and rehabilitation of existing buildings, acquisition of sites and development of new housing, and ownership and management of subsidized developments.

Budget: The proposed summary budget for the subject HOME Investment Partnership Program grant is as follows:

Program	FY 2001-2002 Budget	FY 2002-2003 Budget	Increase/ (Decrease) in FY 2002-2003
<u>Projects:</u>			
Supportive Housing Non Profit Preservation	\$6,537,234	\$5,374,650	(\$1,162,584)
<i>Subtotal</i>	<u>362,692</u>	<u>1,503,850</u>	<u>1,141,158</u>
	\$6,899,926	\$6,878,500	(\$21,426)
Tenant Based Housing Assistance	56,474	50,000	(6,474)
<u>Administrative Costs:</u>			
Community Housing Corp MOH HOME program	150,000	150,000	0
Other costs	640,192	694,636	54,444
<i>Subtotal</i>	<u>149,408</u>	<u>91,864</u>	<u>(57,544)</u>
	939,600	936,500	(3,100)
Total	\$7,896,000	\$7,865,000	(\$31,000)

Required Match: \$1,966,250 or 25 percent of HOME grant funds. Mr. LaTorre states that matching funds are available from the Hotel Tax Fund allocation for housing projects. Such matching funds would be part of the total funding of \$55,339,477 for privately and non-profit owned housing developments, identified by the Preliminary 2002 Action Plan for the City and County of San Francisco.

Comments:

1. According to Mr. LaTorre, supportive housing projects in the amount of \$5,374,650 include:
 - (a) acquisition of the 98 unit Folsom/Dore site, located at 1346 Folsom Street; and
 - (b) other unidentified project sites.
2. According to Mr. LaTorre, "Non Profit Preservation" funds, totaling \$1,503,850, will be used for rehabilitation or

improvements to existing supportive housing facilities including:

- (a) rehabilitation to the Mercy Housing California owned building located at 241 Jones Street;
- (b) new sprinklers at the Swiss American Hotel, owned by Chinatown Community Development Corporation, located at 534 Broadway Street;
- (c) new sprinklers at the Chinatown Community Development Corporation owned building, located at 665 Clay Street; and
- (d) rehabilitation of unidentified projects.

3. Mr. LaTorre states that tenant-based housing assistance is provided by Catholic Charities Homeless Prevention Program to assist low-income tenants in avoiding eviction.

4. As shown in the table on the previous page, total administrative costs in the proposed FY 2002-2003 HOME Investment Partnership Program are \$936,500, which is \$3,100 less than total administrative costs in the FY 2001-2002 budget of \$939,600. In FY 2002-2003, administrative costs include the purchase of a \$20,000 replacement vehicle to be used by MOH staff for site visits. This vehicle would replace a 1989 Plymouth Sundance with 34,669 miles. According to Mr. LaTorre, this vehicle has developed significant mechanical defects due to its age. This increased cost would be offset by decreases in other administrative costs.

5. In FY 2001-2002 MOH proposed \$80,000 for a professional services contract to develop an internal MOH program database. Of this \$80,000, \$30,000 was included in the HOME Program budget, and \$50,000 was included in the CDBG budget. The Finance Committee placed this \$80,000 on reserve, pending selection of a contractor and submission of budget details. In the FY 2002-2003 HOME Program budget, MOH has proposed an additional \$20,000 for a professional services contract to develop an internal MOH program database. Additionally, \$30,000 has been included in the CDBG budget (File 02-0615) for the MOH program database development. The Budget Analyst recommends deleting \$50,000 for a professional services contract to develop an internal computer database for MOH, which includes \$20,000 in the proposed 2002-2003

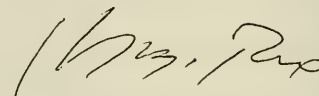
HOME budget, which is the subject of this report, and \$30,000 in the proposed FY 2002-2003 CDBG budget, which is the subject of File 02-0615, as further explained in File 02-0615.

6. Mr. LaTorre states that \$150,000 in administrative costs would be allocated to community housing corporations, which is unchanged from the amount allocated in FY 2001-2002. Of the \$150,000, the Chinatown Community Development Center, the Mission Housing Development Corporation and the Tenderloin Neighborhood Development Corporation would each be allocated \$50,000.

7. Section 1.C of MOH Criteria and Procedures for allocating HOME Program funds requires that the Director of MOH submit an Annual Report to the Board of Supervisors by March 31 of each year for the preceding calendar year, providing an accounting of all HOME program funds received by the City and how the funds were expended. As of the writing of this report, the Annual Report has not been submitted to the Board of Supervisors. According to Mr. LaTorre, the Annual Report will be submitted to the Board of Supervisors on May 1, 2002.

Recommendations:

1. In accordance with the explanations contained in File 02-0615, amend the FY 2002-2003 HOME Program budget by reducing \$20,000 from the proposed amount of \$7,865,000 to \$7,845,000, to reflect the elimination of \$20,000 for the MOH computer database. Such funds should be resubmitted to the Board of Supervisors for other program expenditures.
2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
President Ammiano
Clerk of the Board
Controller

Ben Rosenfield
Ted Lakey

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CITY AND COUNTY



OF SAN FRANCISCO

[Budget Analyst Report]

Susan Hom

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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

April 25, 2002

DOCUMENTS DEPT.

TO: Finance Committee

APR 30 2002

FROM: Budget Analyst

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SUBJECT: May 1, 2002 Finance Committee Meeting
Separate Report on FY 2002-2003 Community Development
Block Grant (CDBG) Program

Item 10 - File 02-0615

Department: Mayor's Office of Community Development (MOCD)
Mayor's Office of Housing (MOH)

Item: Resolution approving the FY 2002-2003 Community Development Program, and authorizing the Mayor, on behalf of the City and County of San Francisco, to accept and expend (a) the City's FY 2002-2003 Community Development Block Grant (CDBG) Entitlement from the U.S. Department of Housing and Urban Development, and (b) Program Income up to \$33,722,231 which includes indirect costs of \$160,000; and approving expenditure schedules for recipient departments and agencies for indirect costs.

Amount: Up to \$33,722,231

Total Community Development Block Grant Program funding in FY 2002-2003 includes the FY 2002-2003 CDBG grant funds provided to the City by the U.S. Department of Housing and Urban Development (HUD), transfer and expenditure of the reprogrammed funds from Community Development Programs in prior years, and program income generated by the Mayor's Office of Community Development, the Mayor's Office of Housing (MOH), and the San Francisco Redevelopment Agency (SFRA), as follows:

FY 2002-2003 CDBG Program funds	\$25,315,000	
Reprogrammed funds from prior years	<u>923,220</u>	
Subtotal, CDBG funds		\$26,238,220
Program Income		<u>7,484,011</u>
Total		\$33,722,231

Grant Period: July 1, 2002 through June 30, 2003

Source of Funds: U.S. Department of Housing and Urban Development (HUD)

Required Match: None

Indirect Costs: \$160,000

Description: Under Title I of the Federal Housing and Community Development Act of 1974, as amended, and related Federal regulations, San Francisco is eligible to receive a Community Development Block Grant (CDBG). The primary objective of the CDBG Program is to develop viable urban communities by supporting programs providing decent housing, a suitable living environment, and economic opportunity for low- and moderate-income residents of San Francisco.

Memo to the Finance Committee
May 1, 2002 Finance Committee Meeting

Approval of the proposed resolution would authorize MOCD to accept and expend the FY 2002-2003 Community Development Block Grant of up to \$26,238,220, including reprogrammed funds, which is \$1,133,780, or 4.1 percent less than the FY 2001-2002 Community Development Block Grant of \$27,372,000. Sections I through XV of this report provides an analysis of the proposed FY 2002-2003 CDBG budget, including the Budget Analyst's recommendations.

Additionally, funds in the amount of \$7,484,011 would be used for specific program income funded activities, as discussed in Section XV of this report. Total FY 2002-2003 CDBG and program income funding is \$33,722,231, including \$26,238,220 in CDBG funds and \$7,484,011 in program income funds.

Attachment I, prepared by the Budget Analyst, beginning on page 46 of this report, is a CDBG Program Summary of Recommendations. The table includes the FY 2001-2002 CDBG budget, the proposed FY 2002-2003 budget, a summary of changes from FY 2001-2002 to FY 2002-2003, and the Budget Analyst's recommendations.

Comments:

1. The proposed total combined FY 2002-2003 budgets for the Community Development Block Grant, Home Improvement Partnership (HOME) Program Grant (File 02-0617), and Emergency Shelter Grant (ESG) (File 02-0616) programs of \$34,982,220 are \$1,164,872, or 3.2 percent less than the total combined FY 2002-2003 budgets for the CDBG, HOME, and ESG programs of \$36,147,092.¹ However, the total combined FY 2002-2003 administrative budgets of \$5,766,542, including \$4,786,091 for CDBG, \$936,500 for the HOME Program, and \$43,950 for the ESG Program are \$61,588, or 1.1 percent more than the total combined FY 2001-2002 administrative budgets of \$5,704,954, including \$4,721,312 for CDBG, \$939,600 for the HOME Program, and \$44,042 for the ESG Program.

¹ These numbers do not include funds generated by Program Income. If Program Income is included in the total, the FY 2002-2003 CDBG, HOME, ESG and Program Income budget of \$42,466,231, is \$4,972,294, or 10.5 percent less than the FY 2001-2002 CDBG, HOME, ESG and Program Income budget of \$47,438,525.

2. In FY 2002-2003, the CDBG, HOME Program, and ESG budgets contain 72 positions, which is unchanged from the number of positions included in the FY 2001-2002 budgets. Currently, MOH has one vacant Special Assistant XVI position at an annual salary and fringe benefit cost of \$126,199, which serves as the Deputy Director, and MOCD has one vacant 9775 Senior Community Specialist II position, at an annual salary and fringe benefit cost of \$103,843. The 9775 Senior Community Specialist position has been vacant for approximately one year. Although the MOH Deputy Director (Special Assistant XVI) position has been vacant since January of 2002, when the MOH Deputy Director was appointed as the MOH Director, the MOH Director position was vacant from July of 2001 until January of 2002. Therefore, a vacancy has existed in either the MOH Director or the MOH Deputy Director position from July 2001 through April 2002, a period of ten months.

The Budget Analyst recommends that the vacant 9775 Senior Community Specialist II position in MOCD and the vacant MOH Deputy Director (Special Assistant XVI) be deleted. If MOH is required to assume any subsequent new responsibilities, MOH can request addition of new positions at that time. The justification for any new positions will be analyzed by the Budget Analyst. Deletion of these two vacant positions will result in FY 2002-2003 cost savings of \$230,042, including salaries and fringe benefits.

3. As discussed in Section XIII of this report, the Budget Analyst recommends deleting \$50,000 for a professional services contract to develop an internal computer database for MOH, which includes \$30,000 in the proposed FY 2002-2003 CDBG budget, which is the subject of this report, and \$20,000 in the proposed FY 2002-2003 HOME budget, which is the subject of File 02-0617. As noted in Section XIII, the Board of Supervisors reserved \$50,000 in last year's FY 2001-2002 CDBG budget and \$30,000 in last year's FY 2001-2002 HOME budget to develop the MOH computer database. Therefore, a total of \$80,000 has

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BUDGET ANALYST

remained on reserve and unexpended for approximately one year.

4. Attachment II, provided by MOCD, is a list of all unexpended CDBG funds from 1975 through FY 2001-2002 previously approved by the Board of Supervisors. As noted in Attachment II, in addition to \$4,828,369 of unexpended funds from 2000 and \$9,815,715 in unexpended funds from 2001, the CDBG has unexpended funds from 1993 through 1999 totalling \$4,773,052. Although the MOCD explanations for the unexpended funds are "contracts underway" and "balance committed to projects under review", the Budget Analyst questions the significant amounts of unexpended funds dating back to 1993 previously authorized by the Board of Supervisors.

5. The Budget Analyst notes that the Controller's Audits Division issued an audit of the Mayor's Office of Community Development : Career Resources Development Center on March 11, 2002. This Controller's audit found that the executive director of the Career Resources Development Center, Inc., a nonprofit corporation, that is proposed to receive \$90,000 of CDBG funds (page 4 of Attachment I), mismanaged the Center's government funds, forged signatures on official documents, failed to have the Center undergo required financial audits and did not implement recommendations to improve the Center's financial management practices from an independent audit completed in 1999.

Recommendations: The Budget Analyst's recommendations for the FY 2002-2003 CDBG and Program Income budget are as follows:

1. Reduce the FY 2002-2003 Program Administration budget by \$260,042, from the proposed amount of \$4,786,091 to \$4,526,049 to reflect (a) the deletion of two vacant positions with a total salary and fringe benefit cost of \$230,042, as noted in Comment 2, and (b) the deletion of \$30,000 for the MOH computer database, as noted in Comment 3.

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BUDGET ANALYST

2. Approval of funding in the amount of \$6,167,382 for new or expanded programs is a policy matter for the Board of Supervisors.

3. Approve funding in the amount of \$27,294,807, including CDBG and Program Income programs, for existing programs for which the recommended budget for FY 2002-2003 was unchanged from the FY 2001-2002 budget.

4. Although the Budget Analyst makes no recommendations regarding prior years unexpended funds, as previously noted, there are unexpended CDBG funds from 1993 through 1999 totaling \$4,773,052. Although the MOCD explanations for the unexpended funds are "contracts underway" and "balance committed to projects under review", the Budget Analyst questions the significant amounts of unexpended funds dating back to 1993 previously authorized by the Board of Supervisors.

5. Although the Budget Analyst makes no specific recommendations regarding the Career Resources Development Center, it should be noted that the Controller's Audits Division issued an audit of the Mayor's Office of Community Development: Career Resources Development Center on March 11, 2002. This Controller's audit found that the executive director of the Career Resources Development Center, Inc., a nonprofit corporation, that is proposed to receive \$90,000 of CDBG funds (page 4 of Attachment I), mismanaged the Center's government funds, forged signatures on official documents, failed to have the Center undergo required financial audits and did not implement recommendations to improve the Center's financial management practices from an independent audit completed in 1999.

Section I: Housing Program Administration - \$2,516,084

The MOCD proposes to allocate \$2,516,084 in FY 2002-03 to fund eleven Housing Program Administration agencies, a decrease of \$25,000 or approximately 1 percent, from the FY 2001-02 budget allocation of \$2,541,084.

A description of the proposed Housing Program Administration program with new funding is as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase in FY 2002-2003 Budget
<i>Mission Economic Development Associations</i> Provide rehabilitation to existing low-income units, housing technical assistance, and other low-income housing services	\$ 0	\$ 25,000	\$ 25,000
Subtotal	\$ 0	\$ 25,000	\$ 25,000

The following table is a summary of MOCD's proposed FY 2002-03 funding totals for Housing Program Administration.

Proposed Housing Program Administration Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002-2003
Total Funding for Prior Year	\$2,541,084	
Summary of Decreased Funding from Prior Year	<u>(50,000)</u>	
Subtotal Continued Funding from Prior Year		\$2,491,084
Summary of Increased Funding in Existing Programs or New Programs		<u>25,000</u>
Total Funding for FY 2002-2003		\$2,516,084

Comment

According to Mr. Daryl Higashi of the MOH, the Mission Economic Development Association provides homeownership education and assistance to the community. Mr. Higashi reports that the Mission Economic Development Association coincides with MOH's priority to fund programs that assist low and moderate income families seeking to become homeowners.

Recommendations

1. Approve \$2,491,084 of the requested \$2,516,084 for Housing Program Administration programs to continue funding for existing programs.
2. Approval of \$25,000 in funding for a new Housing Program Administration program is a policy matter for the Board of Supervisors.

Section II: Housing Program Pool - \$5,332,977

The MOH proposes to expend Housing Program Pool funds in FY 2002-03 on the projects noted below, including projects for renovation of existing low-income housing facilities and loans to low-income and elderly single family homeowners for repairs. Funding for such projects would include prior year unallocated CDBG Housing Program Pool funds, program income funds, and FY 2002-03 CDBG program funds. Housing Program Pool funds are used for the acquisition of land for low-income housing construction, for the renovation of existing buildings to be used for low-income housing, and for pre-development costs.

Total projected program funds, including the subject \$5,332,977 CDBG funds, as well as prior years funds and program income funds total \$7,247,439. The FY 2002-03 CDBG allocation of \$5,332,977 is \$15,000 or 0.28 percent less than the FY 2001-02 allocation of \$5,347,977. Funding sources for the Housing Program Pool are as follows:

Source of Funds	Amount
Current and Prior Years' Unallocated CDBG Pool funds	\$1,004,291
Program Income from Completed and Amortized Loans	160,171
Estimated FY 2002-03 Program Income	750,000
FY 2002-03 CDBG Funds	5,332,977
Total Funds	\$7,247,439

MOH has proposed use of the Housing Program Pool funds, as follows:

Program	Proposed FY 2002-2003 Budget
<u>Unexpended Existing Commitments</u>	
Capital improvements to San Francisco Housing Authority properties (sites to be determined)	\$1,600,000
Ambassador Hotel, 55 Mason Street	<u>400,000</u>
<i>Subtotal</i>	\$2,000,000
<u>Other Proposed FY 2002-03 Programs</u>	
Housing opportunities (site to be determined)	\$247,439
Capital improvements to existing affordable housing owned by nonprofits (sites to be determined)	2,500,000
Loans to low-income/elderly single family homeowners	<u>2,500,000</u>
<i>Subtotal</i>	\$5,247,439
Total Proposed Uses	\$7,247,439

Comments

1. As shown above, the FY 2002-03 Housing Program Pool, totaling \$7,247,439, consists of the subject \$5,332,977 in FY 2002-03 CDBG funds and \$1,914,462 in other funding sources.

2. According to Mr. Joe LaTorre of MOH, CDBG funds are expected to be allocated primarily to projects for which applications have been received in response to "Notices of Funding Availability" in 2001-2002. If funds remain available after meeting those needs, one or more "Notices of Funding Availability" may be issued in 2002-03.

Recommendation

Approve the requested amount of \$5,332,977 for the FY 2002-03 Housing Program Pool.

Section III: Public Housing Program - \$200,000

The MOCD proposes to allocate \$200,000 to fund one new Public Housing Program project in FY 2002-03, which is a decrease of \$5,560, or 2.7 percent, from the FY 2001-02 budget allocation of \$205,560.

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase in FY 2002-2003 Budget
<i>SF Housing Authority</i> Provides ADA accessibility modifications to bathroom, kitchen and all doorways.	\$ 0	\$ 200,000	\$ 200,000
Subtotal	\$ 0	\$ 200,000	\$ 200,000

The following table is a summary of MOCD's proposed FY 2002-03 funding totals for Public Housing.

Proposed Public Housing Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$205,560	
Summary of Decreased Funding from Prior Year	<u>(205,560)</u>	
Subtotal Continued Funding from Prior Year		0
Summary of Increased Funding in Existing Programs or New Programs		<u>\$200,000</u>
Total Funding for FY 2002-2003		\$200,000

Comment:

According to Mr. Jon Pon of MOCD, the Public Housing Program funds will be allocated to the San Francisco Housing Authority for the Sunnydale Housing Development located at 1652 Sunnydale Avenue in San Francisco. According to Mr. Pon, the allocation in the amount of \$200,000 will fund construction costs for upgrading the bathroom, kitchen and doorways of two facilities, a community hall and an adjacent child care center, to comply with the Americans with Disabilities Act. Mr. Pon states that private contractors

Memo to Finance Committee
May 1, 2002 Finance Committee Meeting

will be selected through a competitive bid process to perform the construction work.

Recommendation

Approval of the new proposed FY 2002-03 Public Housing Program funding of \$200,000 is a policy matter for the Board of Supervisors

Section IV : Public Facility Improvements - \$1,741,414

The MOCD proposes to allocate \$1,741,414 to fund Public Space Improvement Projects in FY 2002-03, the same budget allocation as in FY 2001-02.

Public Facility Improvement funds are used for the construction or project costs for outdoor or open space projects, including projects to improve open space and community gardens, develop children's playgrounds, and other public space improvements. Descriptions of the proposed new or increased Public Space Improvements programs are as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases/in FY 2002-2003 Budget
<i>Public Space Improvement Pool</i> Provides for additional public improvements due to unforeseen problems and emergency situations.	\$ 200,000	\$ 318,254	\$ 118,254
Subtotal	\$200,000	\$318,254	\$118,254

The following table is a summary of MOCD's proposed FY 2002-03 funding totals for Public Facility Improvement.

Proposed Public Facility Improvements Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002-2003
Total Funding for Prior Year	\$1,741,414	
Summary of Decreased Funding from Prior Year	<u>(118,254)</u>	
Subtotal Continued Funding from Prior Year		\$1,623,160
Summary of Increased Funding in Existing Programs or New Programs		\$118,254
Total Funding in FY 2002-2003		\$1,741,414

Comments

The allocation for the Public Space Improvement Pool has increased by \$118,254 or 59.1 percent, from \$200,000 in FY 2001-02 to \$318,254 in FY 2002-03. Mr. Pon states that the Public Space Improvement Pool monies will be used to fund unanticipated increased costs for outdoor and open space projects. According to Mr. Pon, the increased funds of \$118,254 will be used to fund two additional public space improvement projects for senior housing developments. Mr. Pon states that all FY 2001-02 Public Space Improvement Pool monies will have been expended prior to the end of the current fiscal year.

Recommendations

1. Approval of \$118,254 in increased FY 2002-2003 funding for the Public Space Improvement Pool is a policy matter for the Board of Supervisors.
2. Approve funding in the amount of \$1,623,160 for on-going Public Facility Improvement programs.

Section V: Existing Facility Renovation - \$1,768,745

The MOCD proposes to fund 24 projects in the amount of \$1,768,745 for Existing Facilities Renovation in FY 2002-03, an increase of \$311,225 or 21.35 percent, from the FY 2001-02 budget allocation of \$1,457,520.

The Rehabilitation of Existing Facilities primarily involves rehabilitating buildings to meet health, fire and safety codes and licensing requirements. All of the projects under this program are for capital improvements or new construction and do not fund staff or administrative costs. The proposed cost for each project is based on an estimate prepared by an architect and reviewed by MOCD. The actual expenditures will be determined through a competitive bid process in accordance with Federal regulations.

Twenty-two of the 24 projects are funded for the first time in FY 2002-03 as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>509 Cultural Center</i> To improve fire safety, electrical and ventilation systems at drop-in center providing social services.	\$ 0	\$ 60,000	\$ 60,000
<i>Bernal Heights Neighborhood Center</i> To replace heating system and windows.	0	37,000	37,000
<i>Booker T. Washington Community Service Center</i> To replace sewer line in multi-purpose neighborhood facility.	0	18,000	18,000
<i>Boys & Girls Club of SF (Mission)</i> To replace pool heating and water filtration systems in youth facility.	0	9,475	9,475

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>Community Awareness and Treatment Services</i> To install new fire sprinklers in basement of homeless shelter.	0	100,000	100,000
<i>Ella Hill Hutch Community Center</i> To replace 13 roof furnaces at multipurpose neighborhood center.	0	130,000	130,000
<i>Florence Crittenton Services</i> To renovate residential facility serving infants and pregnant teens.	0	66,500	66,500
<i>Instituto Familiar de la Raza</i> To install elevator at multi-purpose family resource center.	0	110,000	110,000
<i>Japanese Community Youth Council</i> To install elevator at neighborhood youth facility.	0	140,000	140,000
<i>Legal Services for Children</i> To provide ADA access and heating to children's legal service facility.	0	93,000	93,000
<i>Metropolitan Community Foundation</i> To install ramp at homeless meal program site.	0	25,000	25,000
<i>Mission Language and Vocational School, Inc.</i> To rehabilitate vocational training facility serving new immigrants and residents of the Mission district.	0	100,000	100,000

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>Mission Neighborhood Centers</i> To provide new counseling offices, renovate multi-purpose room, and add accessible ramp and signage at youth service center.	0	94,420	94,420
<i>Mission Neighborhood Centers</i> To install ventilation system at Head Start Center that serves 40 children and their families.	0	25,000	25,000
<i>Mission Neighborhood Centers</i> To install heating system in Head Start center serving up to 80 children.	0	20,000	20,000
<i>Mission Neighborhood Health Center</i> To renovate entry way and stair way to meet current code and ADA standards, and create counseling office.	0	134,500	134,500
<i>Playmates Cooperative Nursery School</i> To provide an accessible ramp at a child care center in the Sunset area.	0	30,000	30,000
<i>Potrero Hill Neighborhood House</i> To rehabilitate multi-purpose community center serving children, youth, adults and seniors.	0	53,600	53,600
<i>Southwest Community Corporation</i> To provide security lighting, fence and doors at multi-purpose neighborhood center.	0	19,250	19,250
<i>Swords to Plowshares</i> To improve accessibility to a multi-service facility serving homeless and low-income veterans.	0	140,000	140,000

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>Walden House</i> To upgrade various bathroom areas of residential drug rehab facility to comply with ADA.	0	100,000	100,000
<i>YMCA (Mission)</i> To renovate two preschool restrooms in childcare facility.	0	50,000	50,000
Subtotal	\$ 0	\$ 1,555,745	\$ 1,555,745

The following table is a summary of MOCD's proposed FY 2002-03 funding totals for Existing Facility Renovation.

Proposed Existing Facility Renovation Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002-2003
Total Funding for Prior Year	\$1,457,520	
Summary of Decreased Funding from Prior Year	<u>(1,244,520)</u>	
Subtotal Continued Funding from Prior Year		\$213,000
Summary of Increased Funding in Existing Programs or New Programs		<u>\$1,555,745</u>
Total Funding in FY 2002-2003		\$1,768,745

Comment

According to Mr. Pon, cost estimates for the capital improvement projects were developed by an architectural consultant and were reviewed by MOCD. All projects will be subject to the competitive selection of contractors.

Recommendations

1. Approve funding of \$213,000 of the requested FY 2002-03 CDBG amount of \$1,768,745 for continuing programs.
2. Approval of requested funding of \$1,555,745 for 22 new projects to be funded from the FY 2002-03 CDBG program funds is a policy matter for the Board of Supervisors.

Section VI: New Facilities Development: \$537,000

The MOCD proposes to allocate \$537,000 to fund eight New Facilities Development Projects in FY 2002-03, a decrease of \$353,500, or 39.7 percent, from the FY 2001-02 budget allocation of \$890,500.

New facilities are defined as those projects in which the agency is purchasing or building new space, expanding into larger space, or renovating space for new programs not previously available from that agency. This program category involves development of multi-purpose neighborhood, senior, and mental health service centers in high need lower-income communities.

All of the projects under this program are for capital improvements or new construction and do not fund staff or administrative costs. Actual project expenditures will be determined by selection of a contractor through a public, competitive bidding process in accordance with Federal regulations.

Seven of the eight New Facilities Development Projects are funded for the first time in FY 2002-03 as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>South of Market Foundation</i> To renovate conference room in business development facility.	\$ 0	\$ 25,000	\$ 25,000
<i>San Francisco Conservation Corps</i> To upgrade employment and education facility with new bathrooms and related ADA improvements.	0	97,000	97,000
<i>Nihonmachi Legal Outreach</i> Accessibility improvements to older building that legal services nonprofit is relocating into.	0	55,000	55,000
<i>La Raza Centro Legal</i> To renovate day laborer hiring and service center.	0	30,000	30,000

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>Chinatown Community Development Center</i> To provide tenant improvements at new housing counseling center.	0	100,000	100,000
<i>Burt Children Center</i> To construct protective isolation room in adolescent residential treatment facility.	0	30,000	30,000
<i>Arriba Juntos</i> To purchase and install commercial kitchen equipment for catering incubator program.	0	125,000	125,000
Subtotal	\$ 0	\$ 462,000	\$ 462,000

The following table is a summary of MOCD's proposed FY 2002-03 funding totals for New Facilities Development.

Proposed New Facilities Development Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$890,500	
Summary of Decreased Funding from Prior Year	<u>815,500</u>	
Subtotal Continued Funding from Prior Year		\$75,000
Summary of Increased Funding in Existing Programs or New Programs		<u>462,000</u>
Total Funding in FY 2002-2003		\$537,000

Comments

1. In addition to the seven projects noted above, the FY 2002-03 budget includes \$75,000 to fund capital improvements at the North of Market Senior Services at 315 Turk Street. Capital improvements for North of Market Senior Services were first funded in FY 2000-01 and include installation of an elevator and build out of the basement and first floor to provide program and office space.

2. According to Mr. Pon, cost estimates for the capital improvement projects were developed by an architectural consultant and were reviewed by MOCD. All projects will be subject to the competitive bidding process.

Recommendations

1. Approval of requested funding of \$462,000 for new projects in FY 2002-03 CDBG program funds is a policy matter for the Board of Supervisors.

2. Approve \$75,000 for continuing projects.

Section VII: Other Rehabilitation Program Pools - \$1,718,645

The MOCD proposes to allocate \$1,718,645 to two Rehabilitation Program Pools in FY 2002-03, a decrease of \$1,193,725, or 41 percent, from the FY 2001-02 budget allocation of \$2,912,370.

The description of the proposed Program Pool with increased funding is as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>Facility Emergency Relief Pool</i> Provides emergency capital funding to existing facilities that encounter unforeseen code problems during construction	\$ 1,276,370	\$ 1,318,645	\$ 42,275
Subtotal	\$ 1,276,370	\$ 1,318,645	\$ 42,275

The following table is a summary of MOCD's proposed FY 2002-03 funding for Rehabilitation Program Pools.

Proposed Rehabilitation Program Pools Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$2,912,370	
Summary of Decreased Funding from Prior Year	<u>(1,236,000)</u>	
Subtotal Continued Funding from Prior Year		\$1,676,370
Summary of Increased Funding in Existing Programs or New Programs		<u>42,275</u>
Total Funding in FY 2002-2003		\$1,718,645

Comments

1. FY 2002-03 Disability Access Upgrade Program Pool funds of \$400,000 are unchanged from FY 2001-02. Mr. Pon states that these funds will be used to pay for required ADA upgrades and improvements in existing and new facility construction and renovation projects, noted in Sections V and VI above, that were not foreseen at the outset of the project.

2. Funding for the Facility Emergency Relief Pool has increased by \$42,275 from \$1,276,370 in FY 2001-2002 to \$1,318,645 in FY 2002-2003. According to Mr. Pon, the Facility Emergency Relief Pool provides funds to existing and new facility construction and renovation projects, noted in Sections V and VI above, that encounter unforeseen code or construction problems during the construction or renovation of the facility. Funds are also available to cover certain predevelopment expenses associated with the development of a new center.

3. MOCD included \$1,236,000 in the FY 2001-02 budget to fund loans to two non-profit organizations, John W. King Senior Center and Geneva Valley Development Corporation, for construction of a senior center and a community center in Visitation Valley. No funding for such loans is proposed in the FY 2002-03 budget.

Recommendations

1. Approval of \$42,275 in increased funding in FY 2002-2003 for the Facility Emergency Relief Pool is a policy matter for the Board of Supervisors.

2. Approve \$1,676,370 for continued funding.

Section VIII: Public Services Program - \$4,840,000

The MOCD proposes to fund 85 Public Service programs in the amount of \$4,840,000 in FY 2002-03, a decrease of \$73,000, or 1.5 percent, from the FY 2001-02 budget allocation of \$4,913,000, which funded 82 Public Service programs. Of the 85 Public Service programs seven are receiving funding increases, three of the seven are new grantees in FY 2002-03.

Descriptions of the proposed Public Service Programs with new or increased funding are as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>Chinatown Community Development Center</i> Provides housing counseling services to monolingual Chinese-speaking tenants.	\$ 0	\$ 40,000	\$ 40,000
<i>Community Youth Center- San Francisco</i> Provide vocational and computer and multimedia training, job readiness and placement assistance to young people between the ages of 18-25.	0	35,000	35,000
<i>Donaldina Cameron House</i> Provides multi-lingual employment readiness training for Asian female domestic violence victims.	24,000	35,000	11,000
<i>Ingleside Community Center</i> Provides workforce development training, job placements, retention and referral services.	68,500	70,500	2,000
<i>Tides Center/The Housing Rights Committee</i> Provides housing counseling services to low income and senior tenants who are experiencing problems with their landlords.	47,000	57,000	10,000

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>Vietnamese Community Center of SF</i> Provides vocational training, referrals, and placement services to low income Vietnamese youth.	0	50,000	50,000
<i>Young Community Developers</i> Provides job search, employment placement, work readiness, career development and transition services	75,000	100,000	25,000
Subtotal	\$ 214,500	\$ 387,500	\$ 173,000

The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Public Service Program.

Total Budget of Public Services Program for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$4,913,000	
Summary of Decreased Funding from Prior Year	<u>(246,000)</u>	
Subtotal Continued Funding from Prior Year		\$4,667,000
Summary of Increased Funding in Existing Programs or New Programs		<u>173,000</u>
Total Funding for FY 2002-2003		\$4,840,000

Comments

1. According to Ms. Pam David of MOCD, MOCD and the Citizen's Committee on Community Development established several priorities for organizations requesting new or increased Public Service grants. These priorities included programs 1) serving youths coming out of foster care, 2) expanding language and cultural capacity to meet neighborhood changing demographics, and 3) filling gaps in services for which there are no other funding sources.

2. According to Ms. David, in the past, preference has been given to programs that were previous CDBG fund recipients. Ms. David notes that

being able to rely on CDBG funding has been an important contribution to neighborhood stabilization, but that MOCD is gradually implementing policies to level the competitive playing field and bring increased equity to the program. Ms. David states that MOCD is accomplishing this by continuing to move those grantees that had received more than \$125,000 per year to that ceiling, and limiting new program grants to \$50,000. In addition, MOCD will be offering two and three-year contracts to existing grantees with good programmatic and administrative track records, subject to the availability of funds and continued performance. Subsequent to the two or three-year contract, these organizations would be required to submit a full application to MOCD and be considered alongside all other applicants. According to Ms. Davis, the criteria for renewed and new funding will include a program's track record, excellence in programming, and role in supporting or strengthening neighborhood infrastructure, as well as meeting other priorities as established by MOCD and its Citizen's Committee.

3. According to Ms. David, attempts were made to limit Public Service grant awards to \$50,000 for new programs during this year's funding cycle. In addition, MOCD has instituted a funding ceiling of \$125,000 per agency for CDBG funded programs. Ms. David states that all but two Public Service agencies are at or below the cap. Ms. David further states that the remaining two have made substantial reductions on their way to meeting the cap. According to Ms. David, all programs will be at the cap by the next fiscal year.

4. The Budget Analyst notes that the Controller's Audits Division issued an audit of the Mayor's Office of Community Development : Career Resources Development Center on March 11, 2002. This audit found that the executive director of the Career Resources Development Center, Inc., a nonprofit corporation, that is proposed to receive \$90,000 of CDBG funds, mismanaged the Center's government funds, forged signatures on official documents, failed to have the Center undergo required financial audits and did not implement recommendations to improve the Center's financial management practices from an independent audit completed in 1999.

Recommendations

1. Approve funding of \$4,667,000 out of the requested FY 2002-03 CDBG amount of \$4,840,000 for continuing programs.
2. Approval of funding for new programs and increased funding for existing programs in the amount of \$173,000 is a policy matter for the Board of Supervisors.

Section IX : Neighborhood Centers - \$165,000

The MOCD proposes to fund nine Neighborhood Centers programs in the amount of \$165,000 in FY 2002-03. The FY 2001-02 budget did not allocate any funds to Neighborhood Centers programs, therefore the \$165,000 in funding increases would be allocated to nine new grantee programs in FY 2002-03.

Descriptions of the proposed Neighborhood Center programs with new funding are as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>Bayview Hunters Point Network for Elders</i> To support the general operating costs of neighborhood-building activities.	\$ 0	\$ 15,000	\$ 15,000
<i>Chinese for Affirmative Action</i> To support the general operating costs of neighborhood-building activities.	0	12,500	12,500
<i>Chinese Newcomers Service Center</i> To support the general operating costs of neighborhood-building activities.	0	12,500	12,500
<i>Haight Ashbury Food Program</i> To support the general operating costs of neighborhood-building activities.	0	15,000	15,000
<i>Mission Neighborhood Centers</i> To support the general operating costs of neighborhood-building activities.	0	25,000	25,000
<i>Portola Family Connections</i> To support the general operating costs of neighborhood-building activities.	0	20,000	20,000
<i>Potrero Hill Neighborhood House</i> To support the general operating costs of neighborhood-building activities.	0	20,000	20,000

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>Sunset Youth Services</i> To support the general operating costs of neighborhood-building activities.	0	20,000	20,000
<i>Telegraph Hill Neighborhood Center</i> To support the general operating costs of neighborhood-building activities.	0	25,000	25,000
Subtotal	\$ 0	\$ 165,000	\$ 165,000

The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Neighborhood Centers Program.

Proposed Neighborhood Centers Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002-2003
Total Funding for Prior Year	0	
Summary of Decreased Funding from Prior Year	0	
Subtotal Continued Funding from Prior Year		0
Summary of Increased Funding in Existing Programs or New Programs		<u>\$165,000</u>
Total Funding for FY 2002-2003		\$165,000

Comments

1. According to Ms. Anna Yee of MOCD, this is first year that funds would be allocated to organizations under the Neighborhood Centers Program. According to Ms. Yee, the Neighborhood Centers Program was recently created to support a neighborhood-focused, multi-service model of community development and the unique contributions that such an approach provides to neighborhoods. Ms. Yee states that through formal and informal services, these organizations become part of the fabric of a neighborhood and work to ensure the health and resilience of a specific neighborhood, through among other services, providing child care, senior services, education and advocacy, information and referrals, employment assistance, tutoring, health care, and after school programs. Ms. Yee states that the continued existence of the

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program into the next fiscal year would depend upon the availability of funds and the success of the Neighborhood Centers Program based on evaluations.

2. According to Ms. Yee, the amount of \$165,000 would be allocated to the nine new grantees to provide for the general operating costs of each organization. Ms. Yee states that priority was given to those organizations that at a minimum 1) served multiple populations, 2) received CDBG funding in the last three years for other programs, 3) has served the neighborhood for at least five years, 4) provides multiple high quality services to the neighborhood, 5) operates and focuses on a specific geographic neighborhood, and 6) were recognized widely throughout their neighborhood as "the neighborhood center".

Recommendation

Approval of funding for new programs in the amount of \$165,000 is a policy matter for the Board of Supervisors.

Section X: Economic Development Program - \$ 1,228,500

The MOCD proposes to allocate \$1,228,500 in FY 2002-03 to fund four new and twelve existing Economic Development programs and the MOCD Economic Development Pool, a decrease of \$10,000, or approximately 0.8 percent from the FY 2001-02 budget allocation of \$1,238,500.

Descriptions of the proposed Economic Development programs that would receive new or increased funding are shown below.

Summary of Programs with Increased Funding and New Programs

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>Juma Ventures</i> Provides youth with job training and employment at nonprofit business enterprises.	\$ 30,000	\$ 40,000	\$ 10,000
<i>Mission Economic Development Association</i> Expands access to technical assistance and loan packaging services for small businesses and entrepreneurs in the Excelsior and Outer Mission district.	0	80,000	80,000
<i>Northeast Community Federal Credit Union</i> Provides loan packaging and technical assistance to small businesses, women-owned and minority owned businesses with a focus on the Asian Pacific Islander communities.	0	120,000	120,000
<i>Renaissance Entrepreneurship Center</i> Provides training, technical support and financial services through the Bayview Small Business Center to small business and entrepreneurs in the Bayview/Hunters Point and surrounding neighborhoods.	0	208,000	208,000
<i>Southeast Asian Community Center</i> Provides loan packaging and technical assistance to small businesses, women-owned and minority owned businesses with a focus on the Asian Pacific Islander communities.	0	120,000	120,000
Subtotal	\$ 30,000	\$ 568,000	\$ 538,000

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The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Economic Development Program.

Proposed Economic Development Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$ 1,238,500	
Summary of Decreased Funding from Prior Year	<u>(548,000)</u>	
Subtotal Continued Funding from Prior Year		\$690,500
Summary of Increased Funding in Existing Programs or New Programs		<u>538,000</u>
Total Funding for FY 2002-2003		\$1,228,500

Comments

1. According to Mr. Al Lerma of MOCD, funding priority was given to those organizations whose purpose is to create employment and entrepreneurial opportunities for low-income neighborhood residents, and revitalize low-income neighborhoods. Mr. Lerma states that these organizations would provide training and technical or financial services to support the creation, expansion or retention of small businesses.

2. In FY 2000-01, the Board of Supervisors placed on reserve \$100,000 for the Mayor's Office of Economic Development to fund technical assistance services for small businesses in the Asian community. Mr. Lerma states that the \$100,000 in funds were released from reserve by the Finance Committee on October 24, 2001, to fund a portion of the contract with the Joint Venture Partnership of Southeast Asian Community Center and Northeast Community Federal Credit Union, selected by a request for proposal, to provide economic development services to the Asian Pacific Islander community.

Recommendations

1. Approve funding of \$690,500 of the requested FY 2002-03 CDBG amount of \$1,228,500 for new or continuing programs.

2. Approval of funding for new programs and increased funding for existing programs in the amount of \$538,000 is a policy matter for the Board of Supervisors.

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Section XI: Microenterprise Assistance - \$717,500

The MOCD proposes to allocate \$717,500 in FY 2002-03 to fund seven existing Microenterprise Assistance Programs. There would be no funding change to the seven Microenterprise Assistance Programs from the FY 2001-2002 budget allocation of \$717,500.

The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Microenterprise Assistance Program.

Proposed Microenterprise Assistance Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$717,500	
Summary of Decreased Funding from Prior Year	0	
Subtotal Continued Funding from Prior Year		\$717,500
Summary of Increased Funding in Existing Programs or New Programs		0
Total Funding for FY 2002-2003		\$717,500

Recommendation

Approve \$717,500 of the requested \$717,500 for Microenterprise Assistance programs to continue funding for existing programs.

Section XII: Higher Education - \$75,000

The MOCD proposes to allocate \$75,000 to fund the City College of San Francisco (CCSF) Small Business Development Program, as follows:

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>City College of SF Sm Bus Dvlpmt Ctr.</i> Provides technical assistance, one-on-one business counseling, loan packaging services and post-loan technical assistance to small businesses.	\$ 65,000	\$ 75,000	\$ 10,000
Subtotal	\$ 65,000	\$ 75,000	\$ 10,000

The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Higher Education Program.

Proposed Higher Education Budget for FY 2001-2002

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002-2003
Total Funding for Prior Year	\$65,000	
Summary of Decreased Funding from Prior Year	-	
Subtotal Continued Funding from Prior Year		\$65,000
Summary of Increased Funding in Existing Programs or New Programs		<u>10,000</u>
Total Funding for FY 2002-2003		\$75,000

Comment

According to Mr. Sanders, CCSF would receive a \$10,000 increase in funding for a Small Business Development Center. Under this program, the Small Business Development Center would provide one-on-one business consulting to small and emerging business clients, provide training to MOCD staff on improving their technical assistance, and provide follow-up training and support for selected businesses.

Recommendations

1. Approval of increased funding in the amount of \$10,000 to the CCSF Small Business Development Program is a policy matter for the Board of Supervisors.
2. Approve funding of \$65,000 for continuing programs.

Section XIII: Program Administration - \$4,786,091

The proposed budget of \$4,786,091 for Program Administration in FY 2002-03 represents an increase of \$64,779 or 1.4 percent, from the FY 2001-02 Program Administration budget allocation of \$4,721,312. Program Administration funds are allocated among six City Departments, including the Controller's Office, the Mayor's Office of Community Development (MOCD), the Mayor's Office of Housing (MOH), the City Attorney's Office, the Human Rights Commission, and the Planning Department. The summary budget for Program Administration is as follows:

Department	FY 2001-02 Budget	Proposed FY 2002-03 Budget	Increase/ (Decrease) in FY 2002-03 Budget
<u>Controller</u>			
Audit and Indirect Costs	\$60,000	\$60,000	\$0
Audit and Indirect Costs (MOH)	<u>60,000</u>	<u>\$60,000</u>	<u>0</u>
<i>Subtotal</i>	\$120,000	\$120,000	\$0
<u>Mayor's Office of Community Development</u>			
Administration	2,531,177	2,573,071	41,894
Enterprise Community Program	70,561	74,998	4,437
Environmental Review	15,000	15,000	0
Office of Homeless	121,134	70,791	(50,343)
Disability Council	10,000	10,000	0
Rent Relocation Board	0	12,588	12,588
Day Labor	<u>0</u>	<u>9,622</u>	<u>9,622</u>
<i>Subtotal</i>	\$2,747,872	\$2,766,070	\$18,198
<u>Mayor's Office of Housing</u>			
Affordable Housing Bonds	175,197	184,748	9,551
Administration	1,167,409	1,223,536	56,127
Environmental Review	5,000	5,000	0
Lead Program	<u>190,834</u>	<u>208,563</u>	<u>17,729</u>
<i>Subtotal</i>	\$1,538,440	\$1,621,847	\$83,407

Department	FY 2001-02 Budget	Proposed FY 2002-03 Budget	Increase/ (Decrease) in FY 2002-03 Budget
<u>City Attorney's Office</u>			
MOCD	25,000	25,000	0
MOH	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<i>Subtotal</i>	\$50,000	\$50,000	0
<u>Human Rights Commission</u>			
MOCD	125,000	46,500	(78,500)
MOH	<u>125,000</u>	<u>166,675</u>	<u>41,675</u>
	\$250,000	\$213,175	(\$36,825)
<u>Planning Department</u>			
MOCD	7,500	7,500	0
MOH	<u>7,500</u>	<u>7,500</u>	<u>0</u>
	\$15,000	\$15,000	\$0
Total Program Administration	\$4,721,312	\$4,786,091	\$64,779

Comments

1. The proposed FY 2002-03 MOCD and MOH Program Administration budget of \$4,786,091 is \$64,779 or 1.4 percent more than the FY 2001-02 Program Administration budget of \$4,721,312.

2. In FY 2002-2003, the CDBG, HOME Program, and ESG budgets contain 72 positions, which is unchanged from the number of positions included in the FY 2001-2002 budgets. Currently, MOH has one vacant Special Assistant XVI position at an annual salary and fringe benefit cost of \$126,199, which serves as the Deputy Director, and MOCD has one vacant 9775 Senior Community Specialist II position, at an annual salary and fringe benefit cost of \$103,843. The 9775 Senior Community Specialist position has been vacant for approximately one year. Although the MOH Deputy Director (Special Assistant XVI) position has been vacant since January of 2002, when the MOH Deputy Director was appointed as the MOH Director, the MOH Director position was vacant from August of 2001 until January of 2002. Therefore, a vacancy has existed in either the MOH Director or the MOH Deputy Director position from August 2001 through April 2002, a period of nine months.

The Budget Analyst recommends that the vacant 9775 Senior Community Specialist II position in MOCD and the vacant MOH Deputy Director (Special Assistant XVI) be deleted. If MOH is required to assume any subsequent new responsibilities, MOH can request addition of new positions at that time. The justification for any new positions will be analyzed by the Budget Analyst. Deletion of these two vacant positions will result in FY 2002-2003 cost savings of \$230,042, including salaries and fringe benefits.

3. MOCD has included new funds at a cost of \$22,210 in the proposed FY 2002-03 budget for two programs, the Rent Relocation Program (\$12,588) and the Day Labor Program (\$9,622). Under the Rent Relocation Program, MOCD has established a Rent Relocation Appeals Board to hear cases when a residential or commercial tenant is relocated from their rental unit by a public agency (such as the SFRA, Port, Airport, or other public agency) and is not satisfied with the terms of the relocation. The Rent Relocation Appeals Board was transferred from the SFRA to MOCD in FY 2001-02 and MOCD absorbed the costs of the Rent Relocation Appeals Board in FY 2001-02. MOCD is including \$12,288 in the proposed FY 2002-03 budget to cover the costs of the Rent Relocation Appeals Board.

MOCD has included \$9,622 in the proposed FY 2002-03 to offset the salary costs of the staff person who manages the Day Labor program. The Day Labor program provides assistance, such as language classes and referrals to public services, to undocumented day laborers seeking temporary work.

4. The FY 2002-03 Office of Homelessness budget of \$70,791 is \$50,343, or 41.6 percent less than the FY 2001-02 budget of \$121,134. In FY 2001-02 MOCD proposed \$50,000 in new spending for the Homeless Board, which coordinates City homeless programs. In FY 2001-02, the Finance Committee placed \$50,000 on reserve for the Homeless Board, pending submission of budget details for the new Homeless Board costs, which remains on reserve.

5. In the FY 2001-02 CDBG budget, MOCD included \$30,000 for a Department of Telecommunications and Information Technology (DTIS) work order to develop a new internal computer data base for MOCD, which allows nonprofit organizations to submit program and budget data to MOCD electronically. In the FY 2002-03 CDBG budget, MOCD has proposed an additional \$30,000 for the DTIS work order, totaling \$60,000 for the DTIS work order.

6. The proposed FY 2002-03 CDBG and HOME budgets include \$50,000 for a professional services contract to develop an internal MOH and MOH HOME program database, of which \$30,000 is included in the proposed FY 2002-03 CDBG budget, which is the subject of this report, and \$20,000 is included in

the proposed FY 2002-03 HOME budget, which is the subject of File 02-0617. However, in last year's FY 2001-02 the Board of Supervisors placed \$50,000 on reserve in the CDBG budget and \$30,000 on reserve in the HOME budget, totaling \$80,000 for a professional services contract to develop an internal MOH and MOH HOME program computer database, which remains on reserve. Therefore, the Budget Analyst recommends deleting \$30,000 in the proposed FY 2002-03 CDBG budget, which is the subject of this report, and \$20,000 in the proposed FY 2002-03 HOME budget, as discussed in File 02-0617, totaling \$50,000.

Recommendations

1. Reduce the FY 2002-03 Program Administration budget by \$260,042, from the proposed amount of \$4,786,091 to \$4,526,049 to reflect (a) the deletion of two vacant positions with total salary and fringe benefit costs of \$230,042, as noted in Comment 2, and (b) the deletion of \$30,000 for a professional services contract to develop an internal MOH and MOH HOME computer database, as noted in Comment 6.
2. Approve \$4,526,049 of the requested \$4,786,091 in continuing Program Administration funding.

Section XIV: Planning and Capacity - \$611,263

The MOCD proposes to allocate \$611,263 in FY 2002-03 for planning and capacity building, a decrease of \$9,000 or approximately 1.5 percent, from the FY 2001-02 budget allocation of \$620,263. This category provides funds to agencies to support short- and long-range planning and development.

Descriptions of the proposed Planning and Capacity Building programs that would receive new or increased funding are as follows:

Summary of Programs with Increased Funding and New Programs

Program	FY 2001- 2002 Budget	Proposed FY 2002- 2003 Budget	Increases in FY 2002-2003 Budget
<i>MOCD Planning & Capacity Building Pool</i>	\$ 200,000	\$ 308,983	\$ 108,983
<i>Compasspoint Nonprofit Services</i> To provide technical assistance services to MOCD grantees (forums on nonprofit issues and vouchers to attend workshops and classes)	0	40,125	40,125
<i>Filipino-American Development Foundation</i> To conduct neighborhood study focusing on neighborhood needs and programs for the proposed Bayanihan Community Center.	0	10,000	10,000
<i>Life Frames, Inc.</i> To develop conceptual master plan to transform two adjacent public school sites in south Bernal Heights into ecological community learning environments.	0	15,000	15,000
<i>North of Market Senior Services</i> To plan and implement board and staff training and develop strategic plan.	0	15,000	15,000
<i>Volunteer Center of SF</i> To recruit and refer board members and volunteers, build the capacity of MOCD-funded agencies; Build capacity of agencies to productively use board members and volunteers.	0	29,600	29,600
Subtotal	\$ 200,000	\$ 418,708	\$ 218,708

The following table is a summary of MOCD's Proposed FY 2002-03 funding totals for the Planning and Capacity Building Program.

Proposed Planning and Capacity Building Budget for FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$ 620,263	
Summary of Decreased Funding from Prior Year	<u>(227,708)</u>	
Subtotal Continued Funding from Prior Year		\$392,555
Summary of Increased Funding in Existing Programs or New Programs		<u>218,708</u>
Total Funding for FY 2002-2003		\$611,263

Comments

1. According to Ms. Yee, funding for planning and capacity building is provided to community organizations on a one-time basis for one of two purposes: (a) to assist with organizational development, such as board and staff training, and strategic planning, or (b) to assist in the development of evaluations, feasibility studies and plans for projects.

2. According to Ms. Yee, for programmatic and administrative clarity, the MOCD Planning Capacity Building Pool which assists in the development of evaluations, feasibility studies and plans for projects and the Technical Assistance Pool which provides funds to assist with organizational development, would be consolidated into one pool, the FY 2002-03 MOCD Planning Capacity Building Pool. The requested FY 2002-03 Planning and Capacity Building Pool allocation is \$308,983, as noted above in the Summary of Programs with Increased Funding and New Program table, and would provide community organizations with funds for both planning and capacity building and technical assistance through a proposal submission and review process during the FY 2002-03 program year.

Recommendations

1. Approve the requested FY 2002-03 Planning and Capacity Building allocation of \$392,555 for continuing programs.

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2. Approval of funding for new or increased programs in the amount of \$218,708 is a policy matter for the Board of Supervisors.

Section XV: Program Income-Funded Activities- \$7,484,011

Federal HUD regulations require that anticipated income to MOCD, MOH, and the San Francisco Redevelopment Agency (SFRA) from CDBG programs in FY 2002-2003 be allocated through the submission of the FY 2002-2003 application for CDBG funds. MOCD, MOH, and SFRA anticipate program income in the amount of \$7,484,011 in FY 2002-2003 from the repayment of economic development loans, housing rehabilitation loans, and land sales and rental income.

The proposed FY 2002-2003 budget for Program Income-Funded Activities is as follows:

Summary of Programs with Increased Funding

Program	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increases in FY 2002-2003 Budget
<i>MOCD 108 Economic Development Loan Repayment</i> Provides loans of \$100,000 or more to business that are determined to be consistent with the Programs economic development initiatives	\$ 2,478,275	\$ 3,211,675	\$ 733,400
<i>MOH CHRP Revolving Loan Program</i> Provides financial and technical assistance to eligible low-income home owners	240,000	2,000,000	1,760,000
<i>SFRA Central Relocation Services</i> Provides temporary housing assistance to fire victims	100,000	266,000	166,000
Subtotal	\$2,818,275	\$5,477,675	\$2,659,400

Proposed Program Income-Funded Activities Budget, FY 2002-2003

Funding Description	Prior Year Funding less Decreases in FY 2002-2003 Funding	Continued and New or Increased Funding in FY 2002- 2003
Total Funding for Prior Year	\$11,291,433	
Summary of Decreased Funding from Prior Year	<u>(6,466,822)</u>	
Subtotal Continued Funding from Prior Year		\$4,824,611
Summary of Increased Funding in Existing Programs or New Programs		<u>2,459,400</u>
Total Funding in FY 2002-2003		\$7,484,011

Comments

1. The total \$6,466,822 decrease in the FY 2002-2003 Program Income-Funded Activities budget includes (a) a \$1,466,000 decrease in the San Francisco Redevelopment Agency (SFRA) Economic Development program, Job Training program, and General Program Administration, (b) a \$5,000,000 decrease in the Capital Improvement Revolving Loan Fund, and (c) a \$822 decrease in scheduled repayments for loans made for childcare facilities projects. In FY 2002-2003, SFRA Economic Development program, Job Training program, and General Program Administration funds have been transferred to the SFRA budget,

2. The Capital Improvement Revolving Loan Fund was a one-time revolving loan fund with a fund balance of \$5,000,000 in FY 2001-2002. This fund is used as a revolving loan fund to pay the capital costs of constructing or renovating office space for nonprofit organizations, and proceeds from loan repayments are re-deposited into the revolving fund. In FY 2002-2003, MOCD has not budgeted any new monies for the Capital Improvement Revolving Loan Fund. According to Mr. Sanders, MOCD has established criteria for reviewing loan applications and approving loans. Mr. Sanders states that MOCD is reviewing four organizations (Nihonmachi Legal Outreach, North of Market Senior Services, Visitacion Valley Community Center, and Mercy Housing Corporation) for Capital Improvement Revolving Loans, totaling approximately \$4,800,000.

3. The MOH Community Housing Rehabilitation Program (CHRP) Revolving Loans provides financial and technical assistance to eligible low-income home owners. The \$1,760,000 increase in the MOH CHRP Revolving Loan, from

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\$240,000 in FY 2001-02 to \$2,000,000 in FY 2002-2003, reflects the actual rate of loan repayments in FY 2001-02.

Recommendations

1. Approval of \$2,459,400 in new funding is a policy matter for the Board of Supervisors.
2. Approve \$4,824,611 in continued funding.

CDBG PROGRAM SUMMARY OF RECOMMENDATIONS

Program or Recipient	FY 2001-2002		Proposed FY 2002-2003		Increase (Decrease) in FY 2002-2003	FY 2001-2002		Amount to be Funded	Amount to be Reduced	Policy Matter
	Budget		Budget			Budget				
I. Housing Program Administration										
Asian Neighborhood Design	\$319,000		\$269,000			(\$50,000)		\$269,000		
ASIAN, Inc.	211,180		211,180					211,180		
Bernal Heights Neighborhood Center	248,800		248,800					248,800		
Chinatown Community Development Center	381,761		381,761					381,761		
Community Design Center	155,437		155,437					155,437		
Community Housing Partnership	96,085		96,085					96,085		
GPTODOCO, Inc.	210,000		210,000					210,000		
Housing Conservation & Development Corporation	270,821		270,821					270,821		
Mission Housing Development Corporation	360,000		360,000					360,000		
Tenderloin Neighborhood Development Corporation	288,000		288,000					288,000		
Mission Economic Development Association			25,000		25,000					25,000
	\$2,541,084		\$2,516,084					\$2,491,084		\$25,000
II. Housing Pools										
Housing Development Pool	\$5,347,977		\$5,332,977		(\$15,000)			\$5,332,977		
	\$5,347,977		\$5,332,977					\$5,332,977		
III. Public Housing										
SF Housing Authority			\$200,000		\$200,000					\$200,000
SF Housing Authority	104,560					(104,560)				
SF Housing Authority	101,000					(101,000)				
	\$205,560		\$200,000					\$200,000		
IV. Public Facilities Improvement										
San Francisco Conservation Corps	\$1,247,714		\$1,194,000		(\$53,714)			\$1,194,000		
SF League of Urban Gardeners	243,700		229,160		(14,540)			229,160		
Public Space Improvement Pool	200,000		318,254		118,254			200,000		118,254
Donaldina Cameron House	50,000				(50,000)					
	\$1,741,414		\$1,741,414					\$1,623,160		\$118,254

Program or Recipient Facility	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget	Amount to be Funded	Amount to be Reduced	Policy Matter
V. Capital Existing Facility						
509 Cultural Center		\$60,000	\$60,000			\$60,000
Bernal Heights Neighborhood Center		37,000	37,000			37,000
Booker T. Washington Community Service Center		18,000	18,000			18,000
Boys & Girls Club of SF (Mission)		9,475	9,475			9,475
Community Awareness & Treatment Services		100,000	100,000			100,000
Ella Hill Hueh Community Center		130,000	130,000			130,000
Florence Crittenton Services		66,500	66,500			66,500
Instituto Familiar de la Raza		110,000	110,000			110,000
Japanese Community Youth Council		140,000	140,000			140,000
Legal Services for Children		93,000	93,000			93,000
Metropolitan Community Foundation		25,000	25,000			25,000
Mission Language and Vocational School, Inc.		100,000	100,000			100,000
Mission Neighborhood Centers		94,420	94,420			94,420
Mission Neighborhood Centers		25,000	25,000			25,000
Mission Neighborhood Centers		20,000	20,000			20,000
Mission Neighborhood Health Center		134,500	134,500			134,500
Playmates Cooperative Nursery School		30,000	30,000			30,000
Potrero Hill Neighborhood House		53,600	53,600			53,600
Southwest Community Corporation		19,250	19,250			19,250
Swords to Plowshares		140,000	140,000			140,000
Tenderloin AIDS Resource Center	97,600			63,000		
Walden House		63,000	(34,600)			
YMCA (Bayview)		100,000	100,000			
YMCA (Mission)	275,000	150,000	(125,000)	150,000		
Centro del Pueblo		50,000	50,000			
Centro del Pueblo	70,000		(70,000)			
Burt Children's Center	70,000		(70,000)			
Chinatown Community Children's Center	18,800		(18,800)			
Horne Away From Homelessness	62,550		(62,550)			
Ingliside Community Center	30,000		(30,000)			
Korean American Association	70,000		(70,000)			
Larkin Street Youth Center	45,540		(45,540)			

CDBG PROGRAM SUMMARY OF RECOMMENDATIONS

Program or Recipient	Increase (Decrease) in FY 2002-2003			Amount to be Reduced	Policy Matter
	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Budget from FY 2001-2002 Budget	Amount to be Funded	
Larkin Street Youth Center	\$40,480		(\$40,480)		
Legal Assistance to the Elderly	20,000		(20,000)		
Milestones Human Services Inc.	159,000		(159,000)		
On Lok	90,000		(90,000)		
Sage Project	115,000		(115,000)		
Telegraph Hill Neighborhood Assn	97,000		(97,000)		
Walden House	81,550		(81,550)		
Walden House	50,000		(50,000)		
YMCA of SF (Golden Gate)	65,000		(65,000)		
	\$1,457,520	\$1,768,745		\$213,000	\$1,555,745
VI. Capital New Facility					
South of Market Foundation		\$25,000	\$25,000		\$25,000
San Francisco Conservation Corps		97,000	97,000		97,000
North of Market Senior Services		75,000	(35,000)	75,000	
Nihonmachi Legal Outreach		55,000	55,000		55,000
La Raza Centro Legal	110,000	30,000	30,000		30,000
Chinatown Community Development Center		100,000	100,000		100,000
Burt Children's Center		30,000	30,000		30,000
Arriba Junos		125,000	125,000		125,000
Portola Family Connections	110,000		(110,000)		
CVE, Inc.	70,000		(70,000)		
Episcopal Community Services	144,000		(144,000)		
John W. King Senior Center	175,000		(175,000)		
Meals on Wheels	111,500		(111,500)		
Self-Help for the Elderly	170,000		(170,000)		
	\$890,500	\$537,000		\$75,000	\$462,000
VII. Capital Pools					
Disability Access Upgrade Program Pool	\$400,000	\$400,000		\$400,000	
Facility Emergency Relief Pool	1,276,370	1,318,645	42,275	1,276,370	42,275
Visitation Valley Capital Completion Program	1,236,000		(1,236,000)		
	\$2,912,370	\$1,718,645		\$1,676,370	\$42,275

Program or Recipient	FY 2001-2002		Proposed FY 2002-2003		Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget	Amount to be Funded	Amount to be Reduced	Policy Matter
	Budget		Budget					
VIII. Public Services								
African Immigrant and Refugee Resource Center	\$67,000		\$67,000			\$67,000		
AIDS Legal Referral Panel	39,500		39,500			39,500		
Arab Cultural Center	60,000		60,000			60,000		
Ark of Refuge	70,000		70,000			70,000		
Asian Law Caucus, Inc.	55,500		55,500			55,500		
Asian Pacific American Community Center	50,000		50,000			50,000		
Asian Women's Shelter	31,500		31,500			31,500		
BASF/Volunteer Legal Services	30,000		30,000			30,000		
Bay Area Legal Aid	42,000		42,000			42,000		
Bay Area Video Coalition	125,000		125,000			125,000		
Bayview Hunters Point Network For Elders	43,000		43,000			43,000		
Booker T. Washington Community Service Center	61,000		61,000			61,000		
BRAVA! for Women in the Arts	47,000		47,000			47,000		
Career Resources Development Center	90,000		90,000			90,000		
Catholic Youth Organization/Mission Day Care	61,500		61,500			61,500		
Central American Resource Center (CARECEN)	40,000		40,000			40,000		
Central City Hospitality House	48,500		48,500			48,500		
Charity Cultural Services Center	100,000		100,000			100,000		40,000
Chinatown Community Development Center			40,000		40,000			
Chinese for Affirmative Action	100,000		100,000			100,000		
Chinese Newcomers Service Center	71,000		71,000			71,000		
Community Alliance for Special Education (CASE)	25,000		25,000			25,000		
Community United Against Violence	27,000		27,000			27,000		
Community Youth Center (Chinatown YC)	38,000		38,000			38,000		
Community Youth Center SF (CYC)			35,000		35,000			35,000
Compass Community Services	37,000		37,000			37,000		
Donaldina Cameron House	24,000		35,000		11,000	24,000		11,000
Ellis Hill Hutch Community Center	150,000		125,000		(25,000)	125,000		
Episcopal Community Services of SF	30,000		30,000			30,000		
Filipino-American Council of SF	50,000		50,000			50,000		
Glide Foundation	56,000		56,000			56,000		
Haught Ashbury Food Program	25,000		25,000			25,000		
HAPPY (Haught Ashbury Play Program for Youth)	35,000		35,000			35,000		

CDBG PROGRAM SUMMARY OF RECOMMENDATIONS

Program or Recipient	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget	Amount to be		Policy Matter
				Funded	Reduced	
Hearing Society for the Bay Area, Inc.	\$22,000	\$22,000		\$22,000		
Hunters Point Boys & Girls Club	20,000	20,000		20,000		
Hunters Point Community Youth Park Foundation	152,000	152,000		152,000		
Independent Living Resource Center of SF	60,000	60,000		60,000		
Ingleside Community Center	68,500	70,500	2,000	68,500		2,000
Instituto Laboral de la Raza	68,000	68,000		68,000		
Jewish Vocational Services	60,000	60,000		60,000		
John W. King Senior Center	125,000	125,000		125,000		
Korean Center, Inc.	73,000	50,000	(23,000)	50,000		
La Casa de las Madres	52,000	52,000		52,000		
La Raza Centro Legal	141,000	125,000	(16,000)	125,000		
Larkin Street Youth Center	25,000	25,000		25,000		
Lavender Youth Recreation and Information Center (LYRIC)	30,000	30,000		30,000		
Legal Assistance to the Elderly	30,000	30,000		30,000		
Lyon-Martin Women's Health Services	77,500	77,500		77,500		
Milestones Human Services, Inc.	44,500	44,500		44,500		
Mission Education Projects, Inc.	50,000	50,000		50,000		
Mission Hiring Hall, Inc.	119,000	119,000		119,000		
Mission Language and Vocational School, Inc.	197,000	165,000	(32,000)	165,000		
Mission Learning Center (Reading Clinic)	106,500	106,500		106,500		
Mission Neighborhood Centers	40,000	40,000		40,000		
New Leaf Services	55,000	55,000		55,000		
Nihonmachi Legal Outreach	93,000	93,000		93,000		
Northern California Service League	68,000	68,000		68,000		
OpNet Community Ventures	50,000	50,000		50,000		
Positive Resource Center	30,000	30,000		30,000		
Queer Youth Training Collaborative	40,000	40,000		40,000		
Renaissance Parents of Success	125,000	125,000		125,000		
Sinoma Community Development Center, Inc.	75,000	60,000	(15,000)	60,000		
Self-Help for the Elderly	50,500	50,500		50,500		
Self-Help for the Elderly	30,000	30,000		30,000		
SF Child Abuse Prevention Center	32,500	32,500		32,500		
Southwest Community Center	50,000	50,000		50,000		
St. John's Educational Thresholds Center	25,500	25,500		25,500		

Program or Recipient	FY 2001-2002		Proposed FY 2002-2003		Increase (Decrease) in Budget from FY 2001-2002		Amount to be Funded		Amount to be Reduced		Policy Matter	
	Budget		Budget		Budget		Funded					
St. Vincent de Paul Society of SF	\$45,000	\$45,000					\$45,000					
Sunset District CDC (Sunset Youth Services?)	42,000	42,000					42,000					
Swords to Plowshares	40,000	40,000					40,000					
Tenderloin Housing Clinic, Inc.	87,500	87,500					87,500					
Tides Center/St. Peter's Housing Committee	32,000	32,000					32,000					
Tides Center/The Housing Rights Committee	47,000	57,000			10,000		47,000				10,000	
Toolworks	47,000	47,000					47,000					
Veterans Equity Center	35,000	35,000					35,000					
Vietnamese Community Center		50,000			50,000							
Vietnamese Elderly Mutual Assn	35,000	35,000					35,000					50,000
Visitation Valley JET	100,000	100,000					100,000					
West Bay Pilipino Multi-Service Corp.	50,000	50,000					50,000					
Whitney Young Child Development Center	77,500	77,500					77,500					
Women's Foundation, Mujeres Unidas Y Activas	50,000	50,000					50,000					
Young Community Developers	75,000	100,000			25,000						25,000	
Allen Community Development Corporation	75,000				(75,000)							
Career Resources Development Center	35,000				(35,000)							
Juma Ventures	25,000				(25,000)							
	\$4,913,000		\$4,840,000				\$4,667,000				\$173,000	
IX. Neighborhood Centers												
Bayview Hunters Point Network for Elders		\$15,000			\$15,000						\$15,000	
Chinese for Affirmative Action		12,500			12,500						12,500	
Chinese Newcomers Service Center		12,500			12,500						12,500	
Haight Ashbury Food Program		15,000			15,000						15,000	
Mission Neighborhood Centers		25,000			25,000						25,000	
Portola Family Connections		20,000			20,000						20,000	
Potrero Hill Neighborhood House		20,000			20,000						20,000	
Sunset Youth Services		20,000			20,000						20,000	
Telegraph Hill Neighborhood Center		25,000			25,000						25,000	
		\$165,000									\$165,000	

CDBG PROGRAM SUMMARY OF RECOMMENDATIONS

Program or Recipient	Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget			Amount to be Reduced	Policy Matter
	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Amount to be Funded		
X. Economic Development					
Arriba Juntos	\$30,000	\$30,000		\$30,000	
Boys & Girls Club of SF (Columbia Park)	30,000	30,000		30,000	
CVE, Inc.	41,500	41,500		41,500	
Juna Ventures	30,000	40,000	10,000	30,000	10,000
Juna Ventures	40,000	30,000	(10,000)	30,000	
Mission Economic Development Association	267,000	267,000		267,000	
MOCED Economic Development Pool	100,000	67,000	(33,000)	67,000	
Northeast Community Federal Credit Union	75,000	75,000		75,000	
Private Industry Council of San Francisco, Inc.	75,000	70,000	(5,000)	70,000	
South of Market Foundation	50,000	50,000		50,000	
Mission Economic Development Association		80,000	80,000		80,000
Northeast Community Federal Credit Union		120,000	120,000		120,000
Renaissance Entrepreneurship Center		208,000	208,000		208,000
Southeast Asian Community Center		120,000	120,000		120,000
MOCED Asian Economic Program	160,000		(160,000)		
SF Black Chamber of Commerce	200,000		(200,000)		
SF League of Urban Gardeners (SLUG)	140,000		(140,000)		
	\$1,238,500	\$1,228,500		\$690,500	\$538,000
XI. Microenterprise Assistance					
CANHEED	\$58,500	\$58,500		\$58,500	
Children's Council of SF	30,000	30,000		30,000	
Positive Resource Center	85,000	85,000		85,000	
Renaissance Entrepreneurship Center	228,500	228,500		228,500	
Southeast Asian Community Center	106,500	106,500		106,500	
Women's Initiative for Self Employment	125,000	125,000		125,000	
Wu Yee Children's Services	84,000	84,000		84,000	
	\$717,500	\$717,500		\$717,500	
XII. Higher Education					
City College of SF Sm Bus Dvlpmt Ctr	\$65,000	\$75,000	\$10,000	\$65,000	\$10,000
	\$65,000	\$75,000		\$65,000	\$10,000

Program or Recipient	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget	Amount to be Funded	Amount to be Reduced	Policy Matter
XIII. Administration						
Controller (Audit/Indirect Costs) MOCD	\$60,000	\$60,000	\$0	\$60,000		
Controller (Audit/Indirect Costs) MOH	60,000	60,000	0	60,000		
MOCD Admin	2,531,177	2,573,071	41,894	2,469,228	103,843	
MOCD Enterprise/Renewal Community Pgm	70,561	74,998	4,437	74,998		
MOCD Environmental Review	15,000	15,000	0	15,000		
MOCD Homeless	121,134	70,791	(50,343)	70,791		
MOCD Rent Relocation Board	0	12,588	12,588			
MOCD Day Labor	0	9,622	9,622	9,622		
MOH Admin	1,167,409	1,223,536	56,127	1,067,337	156,199	
MOH Affordable Housing Bonds	175,197	184,748	9,551	184,748		
MOH Environmental Review	5,000	5,000		5,000		
MOH Lead	190,834	208,563	17,729	208,563		
MOD Disability Council	10,000	10,000		10,000		
SF City Attorney's Office (MOCD)	25,000	25,000		25,000		
SF City Attorney's Office (MOH)	25,000	25,000		25,000		
SF Human Rights Commission (MOCD)	125,000	46,500	(78,500)	46,500		
SF Human Rights Commission (MOH)	125,000	166,675	41,675	166,675		
SF Planning Department (MOCD)	7,500	7,500		7,500		
SF Planning Department (MOH)	7,500	7,500		7,500		
	\$4,721,312	\$4,786,092		\$4,526,050	\$260,042	
XIV. Planning & Capacity Building						
MOCD Planning & Capacity Building	\$200,000	\$308,983	\$108,983	\$200,000		\$108,983
MOH Planning & Capacity Building	100,000	100,000		100,000		
MOCD Consolidated Planning	103,263	92,555	(10,708)	92,555		
Compasspoint Nonprofit Services		40,125	40,125			40,125
Filipino-American Development Foundation		10,000	10,000			10,000
Life Frames, Inc.		15,000	15,000			15,000
North of Market Senior Services		15,000	15,000			15,000
Volunteer Center of SF		29,600	29,600			29,600
MOCD Technical Assistance	175,000		(175,000)			
Christmas in April	15,000		(15,000)			
SF Bar Association/Volunteer Legal Services	12,000		(12,000)			
Sojourner Truth Foster Family Service Agency	15,000		(15,000)			
	\$620,263	\$611,263		\$392,555		\$218,708

CDBG PROGRAM SUMMARY OF RECOMMENDATIONS

Program or Recipient	FY 2001-2002 Budget	Proposed FY 2002-2003 Budget	Increase (Decrease) in FY 2002-2003 Budget from FY 2001-2002 Budget	Amount to be		Policy Matter
				Funded	be Reduced	
XV. Program Income Funded Activities						
MOCD 108 Econ Devlpmt Loan Repayment	\$2,478,275	\$3,211,675	\$733,400	\$2,478,275		\$733,400
MOCD 108 Childare Repayment	1,007,158	1,006,336	(822)	1,006,336		
MOCD Small Business Loan Program	750,000	750,000		750,000		
MOCD Microenterprise Loan Program	250,000	250,000		250,000		
MOH CHRP Revolving Loan Program	240,000	2,000,000	1,760,000	240,000		1,760,000
SFRA Central Relocation Services	100,000	266,000	166,000	100,000		166,000
MOCD Capital Loan Program	5,000,000		(5,000,000)			
SFRA Economic Development	604,000		(604,000)			
SFRA General Program Admin	512,000		(512,000)			
SFRA Job Training	350,000		(350,000)			
TOTAL Program Income	\$11,291,433	\$7,484,011		\$4,824,611		\$2,659,400
Total CDBG Program	\$27,372,000	\$26,238,220				
Total Program Income	11,291,433	7,484,011				
TOTAL CDBG Program and Program Income	\$38,663,433	\$33,722,231		\$27,294,807	\$260,042	\$6,167,382

[illegible]



City and County of San Francisco

Meeting Minutes

Finance Committee

Members: Supervisors Aaron Peskin and Chris Daly

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Gail Johnson

Wednesday, May 08, 2002

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Tom Ammiano.

President Ammiano appointed himself to serve as a member of the Finance Committee at today's meeting.

MEETING CONVENED

The meeting convened at 12:40 p.m.

**020640 [Historical Property Contract for 460 Bush Street - Fire Department Old Station No. 2]
Supervisor Peskin**

Resolution under Chapter 71 of the San Francisco Administrative Code, approving an historical property contract between Alice Ross Carey, the owner of San Francisco Landmark No. 143 located at 460 Bush Street (Fire Department Old Station No. 2) and the City and County of San Francisco; authorizing the Director of Planning and the Assessor to execute the historical property contract.

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jeffrey Tully, Planning Department; Matthew Thomas, Office of the Assessor-Recorder; Charles Chase, Executive Director, San Francisco Architectural Heritage; Alice Ross Carey.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020476 [Redevelopment Agency's Financial and Performance Reports]

Hearing to consider the Redevelopment Agency's financial and performance reports for the quarter ending December 31, 2001 and project status report for fiscal year 2001/02, pursuant to Resolution No. 654-96. (Redevelopment Agency)

4/1/02, RECEIVED AND ASSIGNED to Budget Committee.

4/26/02, TRANSFERRED to Finance Committee. File referred to Budget Committee in error.

Speakers: None.

FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020538 [Amending District Attorney's Revolving Loan Funds from State Board of Control]

Resolution authorizing the District Attorney to amend the current agreement in the amount of \$75,000 which has been allocated from the Victim Compensation and Governing Claims Board (formerly known as the State Board of Control), an agent of the State of California, for a revolving loan fund to be used to pay for verified funeral/burial expenses and emergency relocation for victims of domestic violence and sexual assault. (District Attorney)

4/12/02, RECEIVED AND ASSIGNED to Finance Committee.

Speakers: Harvey Rose, Budget Analyst; Linda Alexander, Victim Witness Assistance Program, District Attorney's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020486 [Supplemental Appropriation, Department of Elections]

Ordinance appropriating \$2,167,924 of the General Reserve to fund other current expenses, materials and supplies, and equipment for the Department of Elections for fiscal year 2001-02. (Finance Committee)

3/20/02, CONTINUED TO CALL OF THE CHAIR. Divided from File 020248.

3/20/02, RECEIVED AND ASSIGNED to Finance Committee.

5/1/02, CONTINUED. Heard in Committee. *Speakers: Edward Harrington, Controller; Joe Skeltar, Thrifty Rental Car.* Continued to 5/8/02.

Heard in Committee. Edward Harrington, Controller; Ara Minasian, Department of Administrative Services; Charles Dwinell, Thrifty Rent A Car; John Bards.

Question divided. Question concerning Professional and Specialized Services (\$57,512) and Materials and Supplies (\$129,232) severed and considered separately. See File 020767.

DIVIDED.

Ordinance appropriating \$1,981,180 of the General Reserve to fund other current expenses and materials and supplies for the Department of Elections for fiscal year 2001-02. (Finance Committee)

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020767 [Supplemental Appropriation, Department of Elections]

Ordinance appropriating \$186,744 of the General Reserve to fund professional services and materials and supplies for the Department of Elections for fiscal year 2001-02. (Elections Department)

Divided from File 020248.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020664 [Reserved Funds, SF LAFCO]

Hearing to request release of reserved funds, San Francisco Local Agency Formation Commission (SF LAFCO), in the amount of \$125,000, to support budget expenditures in fiscal year 2001-02.

4/24/02, RECEIVED AND ASSIGNED to Finance Committee.

5/1/02, SUBSTITUTED. Executive Officer of SF LAFCO submitted an amended request.

5/6/02, ASSIGNED to Finance Committee.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

Release of reserved funds in the amount of \$125,000 recommended.

PREPARED IN COMMITTEE AS A MOTION.

Motion releasing \$125,000 placed on Board of Supervisors Reserve for the San Francisco Local Agency Formation Commission (SF LAFCO) to pay for energy consulting services and legal services.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020241 [2002 Annual Joint Fundraising Drive]

Hearing to consider applications from various agencies to participate in the 2002 Annual Joint Fundraising Drive.

2/15/02, RECEIVED AND ASSIGNED to Finance Committee. 2/15/02 - From Bay Area Black United Fund, Inc.

2/15/02 - From Community Health Charities

2/20/02 - From Mayor's Office of Homelessness

2/22/02 - From Local Independent Charities of America

2/27/02 - From Earth Share of California

2/28/02 - From International Service Agencies

2/28/02 - From United Way of the Bay Area

3/01/02 - From Private Industry Council of San Francisco

3/15/02 - From San Francisco Youth Fund

4/02/02 - From Local Independent Charities of America, amended list of 2002 LIC member Charities

4/17/02, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ryan Brooks, Director, Department of Administrative Services; Peg Stevenson, Controller's Office; Jeff Mori, San Francisco Youth Fund; Theodore Lakey, Deputy City Attorney; Sandra Carr, Bay Area Black United Fund; Jennifer Durney, Local Independent Charities; Jim Hill, International Service Agencies; Michael Gulley, United Way of the Bay Area; Captain John Ehrlich, Police Department, Chair of the Annual Joint Fundraising Drive.

Heard in Committee. Speakers: George Smith, Director, Mayor's Office of Homelessness.

PREPARED IN COMMITTEE AS A RESOLUTION.

Resolution designating those agencies qualified to participate in the 2002 Annual Joint Fundraising Drive for officers and employees of the City and County of San Francisco.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

011178 [Motor Vehicle for Hire Permit Filing Fees and License Fees]

Ordinance amending Sections 2.26.1 and 2.27.1 of the Police Code to amend schedules for motor vehicle for hire permit filing fees and license fees. (Taxi Commission)

8/2/01, RECEIVED AND ASSIGNED to Finance Committee.

5/1/02, CONTINUED. Speakers: None.

Continued to 5/8/02.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Theodore Lakey, Deputy City Attorney; Naomi Little, Executive Director, Taxicab Commission.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

Transferred to Budget Committee.

REFERRED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

011716 [Airport Trip Fee Pass Through]
Supervisors Daly, Newsom

Ordinance amending the San Francisco Police Code by amending Article 16, Section 1135 (a) to allow taxicab drivers to collect a \$2.00 pass through fee from passengers when a trip fee is incurred at San Francisco International Airport. (Airport Commission)

9/24/01, RECEIVED AND ASSIGNED to Finance Committee.

5/1/02, CONTINUED. Speakers: None.

Continued to 5/8/02.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Administrator, Governmental Affairs, Airport; Inspector Farrell Suslow, Taxicab Commission; Commissioner Mary McGuire, Taxicab Commission; Ruach Graffis, United Taxicab Workers; Barry Taranto, United Taxicab Workers; Mark Gruberg, United Taxicab Workers.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

ADJOURNMENT

The meeting adjourned at 2:08 p.m.

CITY AND COUNTY



[Budget Analyst Report]
Susan Hom
OF SAN F Main Library-Govt. Doc. Section

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 2, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: May 8, 2002 Finance Committee Meeting

Item 1 - File 02-0640

DOCUMENTS DEPT.

MAY 7 2002

SAN FRANCISCO
PUBLIC LIBRARY

Department: Office of the Assessor/Recorder

Item: Resolution under Chapter 71 of the San Francisco Administrative Code, approving an historical property contract between Alice Ross Carey, the owner of San Francisco Landmark No. 143 located at 460 Bush Street (Fire Department Old Station No. 2) and the City and County of San Francisco; authorizing the Director of Planning and the Assessor to execute the historical property contract.

Description: The Mills Act, a State of California law, also called the Historical Property Contract Act, authorizes city and county governments to enter into a contract for a minimum of ten years with the owner of a qualified historical property. The property owner must agree to rehabilitate, restore, preserve, and maintain the property. In return, the property owner would receive a Property Tax reduction from a city or county, in accordance with the California Revenue and Taxation Code. The Property Tax reduction would continue to be received by a new owner until the expiration date of the contract, if the property is sold within the term of a historic property contract.

In 1996, the Board of Supervisors approved the adoption of Chapter 71 of the San Francisco Administrative Code to implement the provisions of the Mills Act in 1996 (File 191-96). Under the Administrative Code, Chapter 71, qualifying historical properties are (a) those properties that are individually listed in the National Register of Historic Places and/or (b) those properties that have been designated as a City Landmark by the Landmarks Preservation Advisory Board.

This resolution would authorize an historical property contract under the Mills Act between the City and the owner of 460 Bush Street, Ms. Alice Ross Carey, for a 10-year period. The 460 Bush Street building is a commercial office building and is zoned C-3-R (Downtown Retail District). Under this contract, the owner of 460 Bush Street would be required to repair, rehabilitate and maintain the property at her own expense in return for receiving a Property Tax reduction.

Mr. Jeffrey Tully of the Planning Department advises that the subject property has been designated as a City Landmark by the City's Landmarks Preservation Advisory Board and is in the process of being listed in the National Register of Historic Places. Therefore, this property is eligible for Mills Act consideration as a historical property in accordance with the Administrative Code. The subject historical property contract requires that the owner, Ms. Carey, of 460 Bush Street (Fire Department Old Station No. 2) complete the cleaning and rehabilitation of the exterior of the building at an estimated cost of \$35,000. This cost was estimated by Ms. Carey in her Mills Act application to the Planning Department, according to Mr. Tully. Attachment I, provided by the Planning Department is the rehabilitation program and maintenance plan for 460 Bush Street under the Mills Act.

In addition, the subject historic property contract provides that the property owner:

- maintain the historic property in accordance with established preservation techniques and standards;
- replace and repair any damaged areas should the historic property incur damages to 50 percent or less of the historic property;

- secure adequate property insurance to cover 100 percent of replacement cost of the historic property;
- permit periodic examination of the exterior and interior of the historic property; and
- pay a cancellation fee of 12.5 percent of the fair market value of the historic property at the time of cancellation if the property owner terminates the contract before the expiration of the 10-year contract or if the City determines that the property owner breached any condition or covenant of the contract.

Attachment II, provided by the Assessor's Office describes the method for estimating the reduction in Property Taxes for the historical property under the Mills Act. Under the Mills Act, the Property Tax reductions would be recalculated every year for the 10 year duration of the historical property contract.

Comments:

1. Mr. Tully reports that the subject property at 460 Bush Street is San Francisco Landmark No. 143 and is considered a significant historic building under the Planning Code. Mr. Tully further reports that the subject property at 460 Bush Street, or San Francisco Fire Department Old Station No. 2, was built in 1908 following the 1906 earthquake. Mr. Tully reports that the Planning Commission adopted a resolution to approve the Mills Act Historical Property Contract for 460 Bush Street and to recommend approval of the subject historical property contract to the Board of Supervisors on April 18, 2002. The Landmarks Preservation Advisory Board previously adopted a resolution recommending that the Planning Commission approve this subject Mills Act Historical Property Contract on March 20, 2002.

2. The proposed historical property contract between the owner of 460 Bush Street and the City requires that the owner of 460 Bush Street (a) complete an exterior cleaning and rehabilitation project at an estimated cost of \$35,000, (b) complete all work through the application of established preservation techniques and standards, (c) begin the work within six months of the approval of the contract, (d) complete the work within three years of the approval of the contract, and (e) maintain 460 Bush Street in accordance with established preservation techniques and standards. Attachment III, provided by

the Planning Department, explains that the Planning Department is responsible for ensuring that the owner of 460 Bush Street complies with the provisions of the historical property contract.

3. As shown in Attachment IV, provided by the Assessor's Office, the current assessed value of 460 Bush Street is \$1,910,174 and the current estimated Property Taxes for the 460 Bush Street property is \$21,470, based on the FY 2001-2002 Property Tax rate of \$1.124 per \$100 of assessed value. Under the Mills Act, 460 Bush would have an assessed value of an estimated \$1,050,000 instead of \$1,910,174, and the estimated Property Tax would be \$11,802 instead of \$21,470 if the property were not designated as a qualified historic property, thereby resulting in a Property Tax reduction to the owner of 45 percent, or \$9,668.

4. If this resolution is approved, the historical property contract for 460 Bush Street would be the first such historical property contract approved by the Board of Supervisors.

5. Under the current Administrative Code those properties individually listed in the National Register of Historic Places and those designated as a City Landmark would qualify for Mills Act consideration for Property Tax reductions, as stated above. According to Mr. Tully, an estimated additional 350 qualified historic properties could be eligible for Property Tax reductions in San Francisco under the Mills Act because they are currently individually listed in the National Register of Historic Places and/or designated as a City Landmark.

6. According to Mr. John Scott of the Assessor's Office, the Assessor's Office is unable at this time to provide the estimated annual Property Tax revenue reduction to the City if the Board of Supervisors were to approve historical property contracts under the Mills Act for the estimated additional 350 qualified historic properties in San Francisco. Mr. Scott advises that the Assessor's Office would require specific information for each of the estimated 350 historic properties.

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Mills Act Application - Rehabilitation Program
SFFD Old Engine Co. No. 2
460 Bush Street
San Francisco CA

August 30, 2001/ Revised February 22, 2002

General - The scope of work is for the front and rear elevations. Specifications include protection of all historic materials during construction.

Non Cuprous Metal Surfaces - All metal surfaces except copper include aluminum doors, transoms and sidelights, galvanized metal windows, ornamental metal rail at balustrade, fire alarm bell, and gas meter room vents. Scope of work includes cleaning and preparing surfaces for paint, rust removal, patching, priming and painting. Ferrous metal will be primed with a zinc-rich primer within four hours of cleaning.

Cuprous Metal Surfaces - Cuprous metal includes copper clad fan light above entry and copper clad side entry door. Scope of work includes removal of paint and return to original copper finish. Original copper will not be coated, but left to naturally acquire a patina.

Granite Surfaces - Granite occurs on the front facade. Scope includes repair of cracks, spalls and holes resulting from removed anchors. Stone will be cleaned with a mild chemical cleaning agent, then spot cleaned in stained areas. A sacrificial graffiti coating will be tested on one unit for eleven months. At that time we will inspect the stone and apply to ground level surfaces only if appropriate.

Brick surfaces - Brick occurs on the rear facade. The scope includes removal of graffiti, miscellaneous metal, bolts, and telephone wire. Graffiti will be removed with chemicals using the gentlest means possible. The remainder will be removed by mechanical means.

Joints - Joints occur between dissimilar materials, at ferrous metal assemblies; and between exterior surface wall openings and windows, doors, vents, louvers etc. Scope of work includes new sealant with backer materials where necessary. Material specified will not damage substrate and will not stain or damage adjacent surfaces.

Bird Control - Netting is specified between the hose drying tower and the adjacent building. Birds currently roosting in this area will be removed prior to installation.

Mills Act Application - Maintenance Plan
SSFD Old Engine Co. No. 2
460 Bush Street
San Francisco CA

August 30, 2001/ Revised February 22 2002

The following Maintenance Plan was prepared by Carey & Co. Inc.
Historic Preservation Architects. The program will commence upon
completion of the Exterior Cleaning and Rehabilitation Project
(Exhibit B).

Exterior

Graffiti

Inspect: Daily

Remove: As Occurs on front facade.

Granite - Front Elevation

Inspect: Annually

Maintain: As required approximately every 10 - 15 years
Clean with non-ionic detergent and spot clean with chemical
cleaner after tests determine products selected do not damage
substrate. Patch cracks and spalls. Repoint at missing mortar.
Seal joints at dissimilar materials.

Brick - Rear Elevation

Inspect: Annually

Maintain: As required approximately every 10-15 years
Clean with non-ionic detergent and spot clean with chemical
cleaner after tests determine products selected do not damage
substrate. Patch cracks and spalls. Repoint at missing mortar.

Ferrous Metal and Aluminum

Inspect: Annually

Maintain: As required approximately every 7 to 10 years
Inspect for corrosion, paint failure.
Remove rust and loose or peeling paint. Prime with zinc- rich
primer. Paint. Seal joints at dissimilar materials.

Glass and Glazing

Inspect: Annually

Maintain: As required approximately every 5 to 7 years
Inspect for missing and loose compound, moisture penetration,
Remove loose glazing compound. Reglaze where missing. Determine
source of moisture and mitigate.

Source: Mills Act Application for 460 Bush Street

Gutters and Drain

Inspect: Annually

Maintain: Annually

Inspect drain and gutters for obstructions, failure. Test for leaks.

Clean, repair or replace damaged areas.

Roof

Inspect: Annually

Maintain: As required, new roof approximately every 15 years

Inspect roof for membrane failure, and separation of joints.

Repair minor damage. Re-roof as required.

Skylights

Inspect: Annually

Maintain: As required approximately every 5 to 7 years

Inspect for missing and loose compound, moisture penetration,

Remove loose glazing compound.

Reglaze where missing. Determine source of moisture and mitigate.

Bird Control

Inspect: Annually

Maintain: Annually

Inspect for evidence of birds dropping where undesirable. Repair existing netting if damaged. Add additional control if required.

Interior

Plaster

Inspect: Annually

Maintain: As required approximately every 7 to 10 years

Inspect for loose or detached plaster, cracks and moisture

damage. If moisture occurs, determine source and mitigate. Patch and repair.

Wood Doors, Trim and Wainscoting

Inspect: Annually

Maintain: As required approximately 7 to 10 years

Inspect for peeling and chipping. Remove loose or peeling paint.

Prime Paint or seal.

Wood Flooring

Inspect: Annually

Maintain: As required approximately 3 to 5 years in high traffic areas. Inspect for wear. Reseal as required.

Source: Mills Act Application for 460 Bush Street

DORIS M. WARD

Assessor-Recorder

City and County of San Francisco
Office of the Assessor-Recorder



TO: Sarah Graham
FROM: Matthew Thomas

5/1/2002

"Mills Act" Income Approach is dictated by Revenue & Taxation Code 439 and Government Code 405.

The following steps are used in valuing "Mills Act" properties.

1. Estimate current market value of the land and improvements to develop the current market allocation to be used in the weighted capitalization rate.
2. Derive net income using standard methods.
3. Develop capitalization rate which contains the following components:
 - A. Interest Rate (set by SBE annually)
 - B. Historic Risk Rate (set in Code at 4%)
 - C. County Tax Rate
 - D. Amortization Rate, Imps only; 1/XX, remaining economic life

These are be added together in the following manner-

Land: $A+B+C$ = Land Capitalization Rate

Imps: $A+B+C+D$ = Improvement Capitalization Rate

4. Find the weighted capitalization rate to be used in the valuation, multiply each cap. rate (land and imp) by the percent of land/imp allocation found in #1. Add these two together.
5. Value by dividing the net income by the weighted cap. rate.

The property tax reduction for 460 Bush Street for the 2001 Roll is estimated at \$9,670.



PLANNING DEPARTMENT

City and County of San Francisco • 1660 Mission Street, Suite 500 • San Francisco, California • 94103-2414

MAIN NUMBER
(415) 558-6378

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4TH FLOOR
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PHONE: 558-6350
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MAJOR ENVIRONMENTAL
FAX: 558-5991

COMMISSION CALENDAR
INFO: 558-6423
INTERNET WEB SITE
WWW.SFGOV.ORG/PLANNING

MEMORANDUM

DATE: May 1, 2002

TO: Harvey M. Rose
Budget Analyst
Board of Supervisors
1390 Market Street

FROM: Gerald G. Green, Planning Director

RE: ENFORCEMENT OF MILLS ACT HISTORICAL PROPERTY CONTRACT, 460
BUSH STREET, S.F.F.D. OLD ENGINE CO. NO. 2, SAN FRANCISCO
LANDMARK NO. 143.

The purpose of this memo is to confirm the Planning Department's commitment to the enforcement of the conditions of the Mills Act historical property contract between the City and County of San Francisco and the property owner, Alice Ross Carey. As per the conditions of the Mills Act, a long-term maintenance plan has been developed on the resource.

Upon completion of the exterior rehabilitation work, the maintenance plan for 460 Bush Street will commence, providing the Planning Department, in consultation with the Tax Assessor's office the ability to perform yearly inspections of the resource. These inspections will ensure that elements of the long-term maintenance plan and Mills Act historical property contract are enforced.

Please let me know if you have any questions or need additional information.

"Mills Act" Property Valuation

Parcel: 270-41
 Address: 460 Bush Street

Current Market Value: \$1,900,000
 Current Land Value: \$1,600,000
 Assessed Value for 2002 Lien Date: \$1,910,174
 Estimated tax by Assessed Value: (\$1,910,174x1.12% \$21,470

Current Market Allocation:
 Land: \$1,600,000 84% of total value
 Improvement \$300,000 16% of total value
 Total: \$1,900,000

Current Rental Income:
 Number of square feet 7,562
 Rent per square foot annually \$28
 Total rental income \$211,736
 Less 5% vacancy & collection \$10,587
 Effective gross Income \$201,149
 Expenses @ \$8.00/square foot \$60,496
 Net Operating Income \$140,653

Capitalization Rate Components:
 Interest (set by Board) 8.000%
 Historical interest rate (set by State) 4.000%
 Property tax component (estimated) 1.124%
 Amortization, Improvements only 1.670%

Capitalization Rate Summation:

Land:	8.000%	Improvements:	8.000%
	4.000%		4.000%
	1.124%		1.124%
	<u>13.124%</u>		<u>1.670%</u>
			14.794%

Weighted Capitalization rate for Mills Act Property Valuation:

Land:	13.124%	x	0.84	equals	0.1105
Imps:	14.794%	x	0.16	equals	<u>0.0234</u>
Mills Act Capitalization rate for 460 Bush Street =					0.1339

Valuation:

Net Income/Mills Act Capitalization rate = \$1,050,616
 Rounded: \$1,050,000

2002 Assessed Value \$1,910,174
 2002 Value by Mills Act \$1,050,000
 Estimated difference in assessed value by "Mills Act" \$860,174

Estimated tax on Assessed Value \$21,470
 Estimated tax by "Mills Act" \$11,802
 Estimated tax savings by "Mills Act" \$9,668 0.45%

Item 2 – File 02-0476

Department: Redevelopment Agency

Item: Hearing to consider the Redevelopment Agency's financial and performance reports for the quarter ending December 31, 2001 and project status report for fiscal year 2001-2002, pursuant to Resolution No. 654-96.

Description: Pursuant to Resolution No. 654-96, the Redevelopment Agency has submitted their financial and performance reports for the quarter ending December 31, 2001. Resolution No. 654-96, approved by the Board of Supervisors in July of 1996, requires that the Redevelopment Agency submit to the Board of Supervisors complete and thorough quarterly reports on the status of the Agency's budget, including the status of all of the Agency's project and administrative budgets. In accordance with Resolution No. 654-96, such Agency quarterly reports shall include all budget amendments, position additions, and salary increases that may be considered by the Agency during the three months following the end of the quarter which is the subject of the quarterly report, and the Redevelopment Agency agrees to not consider for implementation any proposed budget amendments, position additions or salary increases without having first given to the Board of Supervisors, in writing, at least 30 days notice of the Agency's proposed changes.

Comment: The Budget Analyst will fully review the Redevelopment Agency's proposed budget for FY 2002-2003, in comparison with the current FY 2001-2002 budget, during the annual budget review period in June of 2002.

Item 3 - File 02-0538

Department: District Attorney

Item: Resolution authorizing the District Attorney to amend the current agreement with the State Victim Compensation and Governing Claims Board by increasing the amount of the Revolving Loan Fund by \$45,000, from \$30,000 to \$75,000, to be used to pay for (a) verified funeral and burial costs for victims of homicide and (b) emergency relocation costs for victims of domestic violence and sexual assault.

Amount: \$45,000

Source of Funds: State Victim Compensation and Governing Claims Board

Description: In May of 2000, the Board of Supervisors approved an agreement (File 00-0724) between the District Attorney and the State Victim Compensation and Governing Claims Board which authorized a \$30,000 Revolving Loan Fund to be used to pay for (a) funeral and burial costs for victims of homicide and (b) emergency relocation costs for victims of domestic violence.

The proposed resolution would amend the existing agreement with the State Victim Compensation and Governing Claims Board by 1) increasing the Revolving Loan Fund by \$45,000, or 150 percent, from \$30,000 to \$75,000 and 2) adding victims of sexual assault (in addition to the victims of domestic violence who are already eligible to receive funds for emergency relocation costs) to those persons who would be eligible to receive payments from the Revolving Loan Fund for emergency relocation costs.

The Revolving Loan Fund enables the District Attorney to pay for the funeral and burial expenses for victims of homicide and to pay for the emergency relocation costs for victims of domestic violence and sexual assault. The State Victim Compensation and Governing Claims Board reimburses the Revolving Loan Fund for such payments made by the District Attorney to eligible victims, once the State fully processes the applications of those eligible

victims. According to Ms. Linda Alexander of the District Attorney's Office, the State typically reimburses the Revolving Loan Fund within four weeks from the date the District Attorney issues payment.

Comments:

1. According to Ms. Alexander, the existing agreement between the State Victim Compensation and Governing Claims Board expires on June 30, 2002. Ms. Alexander reports that the agreement is anticipated to be renewed for FY 2002-2003. The proposed resolution also contains a provision that authorizes the District Attorney to enter into any subsequent agreements with the State Office Victim Compensation and Governing Claims Board to increase the amount in the Revolving Loan Fund and to extend the agreement with the State, without first obtaining prior approval from the Board of Supervisors. The Budget Analyst, therefore, considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

2. According to Ms. Alexander, the subject Revolving Loan Fund would be increased by \$45,000, or 150 percent, from \$30,000 to \$75,000, because of the increasing number of payments made from the Revolving Loan Fund. The attached memorandum from Ms. Alexander further explains the purpose of this proposed resolution.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors, as noted in Comment No. 1.

Memorandum

To: Harvey Rose
Budget Analyst's Office

From: Linda Alexander
Victim Services – District Attorney's Office

Date: April 30, 2002
Amended: May 2, 2002

Re: Amending resolution for the Victim Compensation and Governing Claims Board
Revolving Loan Fund administered through the San Francisco District Attorney's Office

Pursuant to your request, I am submitting this memorandum regarding the need for the resolution to add sexual assault victim relocation and increase the current amount of the Revolving Fund. I have stated to your analyst on numerous occasions both the necessary information and the need to approve this legislation.

AB 1019 became effective January, 2002. It ensures that eligible victims of sexual assault are eligible for emergency awards for the purposes of relocation, just as domestic violence victims were granted in the year 2000. As is understood with domestic violence victims, sexual assault victims may have need to relocate immediately and do not have either the luxury of time or the money to relocate for their own safety. The California Victim Compensation and Governing Claims Board (Board) has created revolving funds in larger counties to provide immediate relocation for the above mentioned crime victims pursuant to state law.

The Board additionally approved an increase in the Revolving Fund from \$30,000 to \$75,000. With the increase in awareness of this program and the vast amount of relocations and funeral/burials with which we assist crime victims, the Revolving Fund has been drained on many times over the past year. On more than one occasion, we have been unable to provide necessary funds to eligible crime victims. To avoid the possibility of turning a crime victim away in the future, the Board increased the amount to \$75,000. Slightly larger counties in the area, including Alameda and Santa Clara, have Revolving Funds in the amount of \$100,000.

In 2000, our office provided 14 emergency claims. In 2001, emergency claims increased to 57. As of April 30, 2002, our office has paid 48 emergency claims for victims of domestic violence and surviving family members of homicide. From the time that your analyst called me this morning until I was able to amend this memorandum as you requested, my staff has come to me about four (4) different requests for emergency funds through the Revolving Fund. Unfortunately, there is not enough money in the Revolving Fund to pay for all of the requests that have come to me today alone. It is imperative that this legislation is passed so that no victim that is eligible for this fund is turned away.

If you have any further questions or need additional information, please feel free to contact me directly at 553-1827.

Item 4 - File 02-0486

Note: This item was continued at the May 1, 2002 Finance Committee Meeting, pending the final results of the Controller's review of the Department of Elections expenditures.

Department: Department of Elections

Item: Supplemental appropriation ordinance for \$2,167,924 from the General Fund Reserve to fund other current expenses, materials and supplies and equipment for the Department of Elections.

Amount and

Source of Funds: \$2,167,924 General Fund Reserve

Budget:	Professional and Specialized Services Contracts	\$226,641
	Maintenance - Buildings & Improvements	3,279
	Maintenance Equipment Contract	228,393
	Rents & Leases - Bldgs & Structures	47,157
	Rents & Leases - Equipment	269,431
	Other Current Expenses	861,159
	Judgements - Legal Fees	11,652
	Taxes, Licenses and Permits	1,347
	Materials and Supplies	52,433
	Equipment Loan Payment	374,767
	Interdepartmental Recoveries	<u>91,665</u>
	Total	\$2,167,924

Description: The proposed supplemental appropriation request for \$2,167,924 would appropriate additional General Fund Reserve funds for the Department of Elections to cover various non-personnel expenses. As shown above in the Budget, the total requested \$2,167,924 of additional funds would be used for various contracts, maintenance, leases, equipment, materials and supplies and various other current expenses. In general, these additional expenses were incurred by the Department of Elections due to (a) greater than anticipated expenses in the November of 2001 election, (b) a December of 2001 run-off election¹ for the City Attorney's Office for which funds were not included in the FY 2001-2002 budget (c) additional expenses resulting from Proposition E, which included the establishment of a

¹ See Attachment I which identifies \$1,947,834 of costs associated with the December of 2001 City Attorney run-off election. Of the total \$1,947,834, an estimated \$1,141,926 was for personnel expenses, which were funded through the previous supplemental appropriation (File 02-0248) and an estimated \$805,908 was for non-personnel related expenses, which is the subject of the proposed supplemental appropriation.

new Elections Commission to oversee the Department of Elections and which was approved in November of 2001, and (d) greater than anticipated expenses in the March 5, 2002 election.

On March 20, 2002, the Finance Committee heard a \$5,658,870 supplemental appropriation request from the Department of Elections (File 02-0248). At that time, the Finance Committee divided the subject request into personnel expenses (\$3,490,946) and non-personnel expenses (\$2,167,924). The Finance Committee then reduced the requested \$3,490,946 portion of the personnel expenses for Temporary Salaries and related fringe benefits by \$318,939 and approved a supplemental appropriation of \$3,172,007 for personnel-related expenses for the Elections Department. The remaining \$2,167,924 of the supplemental appropriation that related to non-personnel expenses, is now being requested in the subject File 02-0486.

Specifically, the Department is requesting the following:

Professional and Specialized Services Contracts
(\$226,641)

As previously reported, the Department has expended \$329,176 of the budgeted \$377,408 for professional and specialized services. However, the Department anticipates incurring a total of \$604,049 for such expenses during the current fiscal year, which is \$226,641, or 60 percent more than the amount budgeted.

	Actual Expenses (thru <u>Budget</u>	Total Projected Expenses (thru 6/30/02)	Projected Surplus (Deficit)
	<u>2/15/02</u>		
\$377,408	\$329,176	\$604,049	\$226,641

According to Mr. Ara Minasian of the Department of Administrative Services, the additional \$226,641 results primarily from (a) three contracts for a total of \$120,000 for public relations and communication services and (b) one contract for a total of approximately \$100,000 for an elections consultant to assist the Department. Therefore a total of \$220,000 of public relations and consulting contracts were awarded. The three public relations and

communications consultant contracts, their contractual dates, hourly rates, and total estimated costs are: (1) Melissa A. Mooney dba M2PR, hired from October 15, 2001 through November 15, 2001, at a rate of \$125 per hour for a total of 140 hours, plus additional charges, for a total of up to \$20,000; (2) Cynthia A. MacKenzie, hired from November 19, 2001 through March 31, 2002, at a rate of \$140 per hour for a total of 320 hours, plus additional charges, for a total of up to \$50,000; and (3) MacKenzie Communications, Inc., hired from November 30, 2001 through March 31, 2002, at a rate of \$225 per hour for a total of 200 hours, plus additional charges for a total of up to \$50,000. Additionally, Mr. Minasian advises that in August of 2001, the Chief Administrative Officer hired Mr. Bill Jackson, who is retired from the San Mateo County Department of Elections, as a technical elections consultant to assist the Department at a maximum cost of \$100,000. According to Mr. Minasian, to date, Mr. Jackson has been paid \$84,000 and has submitted invoices for the remaining \$16,000 (see Comment No. 2).

Maintenance - Buildings & Improvements (\$3,279)

The Department did not budget any funds in FY 2001-2002 for the building and improvement maintenance services. Mr. Minasian advises that the requested \$3,279 is for the costs to pay for maintenance of the elevator at 240 Van Ness Avenue, a City-owned approximately 5,000 square foot space the Department of Elections has been using on a temporary basis since October of 2001. The Department is not currently paying any lease costs for this space.

Maintenance - Equipment (\$228,393)

The Department already budgeted the necessary \$228,393 to pay for the Department's Elections Systems and Software, Inc. (ES&S) maintenance contract services in FY 2001-2002. However, Mr. Minasian advises that the previously budgeted \$228,393 for the ES&S equipment maintenance services was instead spent for additional Other Current Expenses (see below), resulting in insufficient funds to pay the necessary \$228,393 for the equipment maintenance contract with ES&S.

Rents & Leases - Bldgs & Structures (\$47,157)

As shown below, the Department has already expended \$63,811, or \$13,811 more than the \$50,000 budgeted for the

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 May 8, 2002 Finance Committee Meeting

entire fiscal year for rents and leases. However, the Department anticipates incurring a total of \$97,157 for such expenses, which is \$47,157, or 94 percent more than budgeted.

	Actual Expenses (thru <u>Budget</u>	Total Projected Expenses (thru 6/30/02)	Projected Surplus (Deficit)
	<u>2/15/02</u>		
\$50,000	\$63,811	\$97,157	\$47,157

Mr. Minasian advises that these additional rental expenses were incurred due to (a) carryforward costs of \$6,000 from the November and December of 2000 election costs for Pier 45, (b) carryforward costs of \$8,376 from the November and December of 2000 elections to rent polling places from the San Francisco Unified School District, (c) \$6,800 for additional training classes at the Community College District, (d) a rent increase of \$228 per month for seven months for the Pier 29 facility, or an additional \$1,596 and (e) miscellaneous additional polling place rental fees (see Comment No. 4).

Rents & Leases - Equipment (\$269,431)

As shown in Attachment II, the Department did not include specific budgeted funds for equipment rents and leases in their FY 2001-2002 budget, although through February 15, 2002, the Department reported expending \$114,831 for equipment rentals, of which an estimated \$33,438 was a result of the December of 2001 City Attorney runoff election, as itemized below. As also itemized below, the Department anticipated expending an additional \$154,600 for equipment rents and leases as a result of the March 5, 2002 election, including \$115,000 for vehicle rentals for the March, 2002 election, as follows:

	December 2001 <u>Run-off Election</u>	March, 2002 <u>Election</u>
Vehicle Rentals	\$6,740	\$115,000
Lighting	4,875	2,200
Restrooms	11,548	10,400
Tents	10,275	10,000
Computers	0	9,000
Eagles	<u>0</u>	<u>8,000</u>
Total	\$33,438	\$154,600

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Together, the already expended \$114,831 and the previously projected \$154,600 results in the requested total of \$269,431 by the Department (see Comment No. 5).

Other Current Expenses (\$861,159)

As noted above, the Department advises that previously budgeted costs, such as \$228,393 for the ES&S Equipment Maintenance services contract were instead spent for additional Other Current Expenses that were incurred this fiscal year, resulting in insufficient funds to pay the necessary \$228,393 for the equipment maintenance contract with ES&S. As a result, the Department has requested such additional funds as part of the proposed supplemental appropriation. In addition however, the Department reports that there is a further shortfall in Other Current Expenses, although the actual shortfall is larger than the amount being requested, since as noted above, some of the costs were allocated to other subobjects, such as Equipment Maintenance. For example, the Department reports that \$1,540,156 of additional Other Current Expenses were needed due to (a) overexpenditures of \$135,879 from the November of 2001 election due to a 2-card ballot, instead of the budgeted 1-card ballot; (b) \$415,277 (\$59,717 for mailing services, \$59,899 for printing of voter information pamphlet, \$147,723 for ballots, \$134,280 for postage and \$13,658 for advertising) of expenditures incurred from the December of 2001 City Attorney run-off election, which was not budgeted; (c) \$69,000 of additional ballot storage expenses; (d) \$20,000 of additional travel, training and other office expenses for the new Elections Commission; (e) overexpenditures of \$900,000 from the March 5, 2002 election due to the printing of 375 various forms of the ballots, which cost \$1,800,000, rather than the budgeted \$900,000 (see Comment No. 6).

Judgements - Legal Fees (\$11,652)

Mr. Minasian reports that the Department has incurred legal expenses of \$11,652 for services provided by Ms. Kay Lucas, a private attorney, who was working with Retired Judge Herbert Donaldson, who was hired by Mr. Bill Lee, the City's Administrative Officer, to investigate a Department of Election employee's allegations regarding payroll reports and the misuse of City funds. The results of

this investigation by Ms. Lucas and Judge Donaldson found that there was no basis for such allegations.

Taxes, Licenses and Permits (\$1,347)

The Department is requesting a total of \$1,347 including (a) \$230 for permits for street fair booths used to recruit poll workers, (b) \$500 annual fee to the U.S. Postal Service to maintain a Business Reply Mail account, (c) \$580 fee to the Department of Parking and Traffic for street closures on election day, and (d) \$37 fee to the Police Department for a "sound" permit to have outdoor amplified music during a poll worker recruitment event (see Comment No. 7).

Materials and Supplies (\$52,433)

The Department previously advised that through February 8, 2002, the Department expended \$529,709 for Materials and Supplies and projected spending an additional \$685,488 through June 30, 2002, for total expenditures of \$1,215,197. Some of the projected additional expenditures include: the purchase of new tables and chairs (\$61,987), miscellaneous office supplies (\$50,000), envelopes (\$128,000), ballot pens (\$22,500), rice bags (\$11,750), voting booths (\$18,000), additional tables (\$23,584), luggage carts (\$28,000), shelving (\$45,000), bar code readers (\$5,550) and cell phones (\$7,104) (see Comment No. 8).

Equipment (\$374,767)

The Department advises that these Equipment funds are for the second annual loan payment for Fiscal Year 2001-2002 to finance the purchase of the ES&S elections system. Under the five-year financing plan, which began on April 6, 2000 and extends through June 1, 2005, at an interest rate of 5.18 percent, the Department will ultimately pay a total cost of approximately \$3.7 million, including total interest expenses of approximately \$500,000 over the five-year financing period.

Interdepartmental Recoveries (\$91,665)

The Department budgeted the recovery of \$91,665 of revenues from the Employees Retirement Department and the Health Service System in the anticipation that each of these departments would require the Department of Elections to conduct an election in FY 2002-2003 for their Boards. However, Mr. Minasian advises that neither of

these Department's Boards will be requiring an election in FY 2002-2003, such that the Department of Elections will not be recovering these funds this fiscal year.

Comments:

1. In November of 2001, the voters of San Francisco approved Proposition E, a Charter Amendment which (a) creates an Elections Commission to oversee the Department of Elections, (b) charges the Sheriff's Department with elections security as well as transporting and safeguarding voted ballots for the elections and (c) prohibits the use of City employees, other than Department of Elections employees, from staffing elections, unless this prohibition is specifically waived by the Elections Commission and the Board of Supervisors.

2. In response to the Budget Analyst's inquiries regarding why the DOE retained three consultants at a cost of \$120,000 to serve as public relations and communications specialists, Ms. Tammy Haygood, the former Director of Elections forwarded Attachment II, a March 11, 2002 memorandum which was provided to Supervisor Daly. As noted in Attachment II, Ms. Haygood states that "It has become very obvious that the Department of Elections needs to improve and broaden the effectiveness, clarity, form and channels of its communications at all levels including to the general public, voters, City staff, media and the Board of Supervisors. Apart from my own perspective, this need was recently expressed to me by the members of the Rules Committee....I believe that I am not only justified in hiring consultants to address these critical needs, but that I would be negligent if I were not to devote resources to this area right now." The communications and public relations contractual activities included production of a series of press releases and public service announcements, media information kits, media briefings and interviews and design of the DOE's website.

The Budget Analyst notes that the funds to pay for these three public relations services agreements totaling \$120,000 and the one agreement for technical elections consulting services for \$100,000 were not included in the Department's budget, nor previously specifically authorized for funding by the Board of Supervisors. The Budget Analyst questions the justification for these four professional services contracts and considers approval of the

entire \$220,000 requested to fund these four contracts to be a policy matter for the Board of Supervisors. The Budget Analyst previously recommended that \$50,000 that is included in the requested supplemental appropriation for "miscellaneous" professional fees, that contains no supporting details, also be deleted from the subject request (See Comment No. 14).

3. A review of the Department's original budget and current budget reflects many changes and transfers of funds from one object or account to another. The Budget Analyst also notes that a review of the expenditures incurred by the Department indicate that the Department is incurring expenditures in various objects or accounts, although the funds for such expenditures are actually budgeted in other accounts. For example, the Department charged to their Professional and Specialized Services account (a) \$87,073 to pay a temporary agency for Temporary employees, (b) \$6,974 of van rental expenses and (c) \$39,824 for the Department of Parking and Traffic to pick up ballots after the November and December of 2001 election. As a result, although such transfers are authorized by the Annual Appropriation Ordinance, it is extremely difficult to accurately determine how much the Department is actually expending in its various expense accounts since they consistently transferred monies from one account to another, subsequent to the Board of Supervisors having approved this budget.

4. For this subject request, the Department has double-budgeted \$4,669 for the property rent for Pier 29. The Department also included \$10,000 of miscellaneous unidentified property rents in their projections, that are not justified. Therefore, the Budget Analyst previously recommended reducing the requested \$47,157 for Rents & Leases by \$14,669 (\$4,669 plus \$10,000) to \$32,488 (See Comment No. 14).

5. The proposed supplemental appropriation includes an estimated \$115,000 to rent vehicles for the March 5, 2002 election. Given this considerable expense, the Budget Analyst questioned the Department regarding the need to spend a projected \$115,000 to rent various vehicles just for the March 5, 2002 election. In response, Mr. Henny Lee of

the Department of Administrative Services advised the Budget Analyst that the Department actually expended approximately \$185,000, or an estimated \$70,000 more than is being requested in the subject supplemental appropriation, to rent various vehicles for the March 5, 2002 election (See Attachment III which identifies the vehicles rented).

Such vehicle rentals included \$92,000 to rent 101 vans for an average period of two weeks per vehicle, or an average of \$911 per van, for the Field Election Deputies (FEDs) to provide access to the various polling locations throughout the City. As noted above, the FED jobs were previously performed by other City department staff using their own vehicles. In addition, Mr. Lee advises that the Department incurred the remaining approximately \$93,000 vehicle rental expenses to lease a total of 84 various trucks, vans, cars and other vehicles for other permanent and temporary staff to conduct voter outreach, provide election support, transport various ballots between locations, etc. The Budget Analyst questions (a) the actual need to rent 185 (101 plus 84), vehicles at a total cost of \$185,000 for the March 5, 2002 election, (b) the extremely high cost of renting these vehicles and (c) why the vans were rented for an average period of two weeks each, when the FEDs only required these vehicles on election day. The Budget Analyst notes that the Controller's Office, in preparing the cost estimates included in the Voter's Information Pamphlet for Proposition E, identified a cost of approximately \$800 (16 vehicles at \$50 per vehicle) for the Department of Elections to rent vehicles for the hired Field Election Deputies. The Controller's estimate of \$800 is \$184,200, or 99 percent less than the \$185,000 now projected to be expended by the Department of Elections for such vehicles.

The Budget Analyst would not have recommended approval of all the requested expenditures for vehicle rentals, if the subject request were submitted prior to the March 5, 2002 election. However, given that these expenditures have already been incurred by the Department, the Budget Analyst considers approval of such extraordinary vehicle rental costs to be a policy matter for the Board of Supervisors.

6. Regarding Other Current Expenses, the Budget Analyst questions spending an additional \$69,000 for ballot storage expenses for the last six months of the fiscal year at an average cost of \$11,500 per month. Mr. Minasian advises that these costs are high because the Department is currently using the City's secure file vendor to store the November, December and March ballots. In addition, the Department is using Pier 29, 240 Van Ness, and City Hall for various operations and storage. Ms. Haygood advises that many of the Department's problems result from the lack of consolidated space and reports that the Department is currently working with the Division of Real Estate to locate one consolidated site for the Department of Elections operations and storage needs.

The Budget Analyst also questioned the inclusion of \$20,000 of additional travel, training and other office expenses for the new Elections Commission, for which no details whatsoever were provided. The Budget Analyst previously recommended that such expenses, for which no detailed support was provided, be reduced.

Furthermore, as part of this supplemental appropriation, the DOE is requesting an additional \$900,000 (\$900,000 initially budgeted, projected costs were \$1,800,000) which resulted from the March 5, 2002 election due to the printing of 375 various forms of the ballots. Mr. Minasian now advises that the actual costs for the March 5, 2002 election ballot printing was \$1,920,000, because the printing vendor did not include sales tax and a \$34,000 energy surcharge in the earlier quote.

7. The Budget Analyst questioned the \$1,347 in Taxes, Licenses and Permit expenses that are included in the proposed supplemental, since they appear to be regular, ongoing expenses of the Department that would typically have been included in the Department's annual budget request. Therefore, the Budget Analyst considers approval of these expenses to be a policy matter for the Board of Supervisors.

8. In response to inquiries from the Budget Analyst regarding the cell phones purchased by the Department for \$7,104, Mr. Lee advises that for the November and December of 2001 elections, the Department received

approximately 500 free cell phones from Nokia and AT&T, for which the DOE paid the activation and use charges. Mr. Lee advises that AT&T had previously offered free activation and use of the free cell phones by the DOE, but after many of the cell phones were not returned to AT&T, the company began charging the DOE for activation and use of the phones. Mr. Lee advises that, after the December of 2001 election, he obtained an additional 200 cell phones for the DOE that were being discarded by the Police Department. Therefore, the DOE already had approximately 700 cell phones, when they decided to purchase an additional 150 cell phones at a cost of \$7,104, for a total of 850 cell phones. Mr. Lee advises that these cell phones were given to each of the 650 Inspectors assigned to each polling place, the 102 Field Election Deputies and various other DOE staff to use during the March 5, 2002 election. Mr. Lee reports that the activation and use charges for these cell phones is estimated to be approximately \$50,000 for Fiscal Year 2001-2002.

In response to the Budget Analyst's inquiry regarding why the Department needed additional tables and chairs, Ms. Haygood advised that the Department required that ten additional precincts be opened for the March 5, 2002 election and that all of the precincts needed additional surface space due to the ballot volume. However, the Budget Analyst notes that the Department is requesting \$85,571 (\$61,987 plus \$23,584) for such tables and chairs. In response to inquiries from the Budget Analyst regarding why numerous other Materials and Supplies expenses, such as miscellaneous office supplies (\$50,000), envelopes (\$128,000), ballot pens (\$22,500), rice bags (\$11,750), voting booths (\$18,000), and luggage carts (\$28,000) were also incurred without first obtaining funding authorization by the Board of Supervisors since these expenditures were in excess of the Department's budget, Ms. Haygood advises that such expenses were required due to the complexity of the March 5, 2002 election. The Budget Analyst considers approval of the requested \$52,433 for Materials and Supplies to be a policy matter for the Board of Supervisors.

9. As noted in all of the expense categories discussed above, the Department is requesting that the Board of Supervisors approve most of the requested supplemental appropriation on a retroactive basis because such requested funds have

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already been incurred. The Budget Analyst questions why the Department did not submit the requested supplemental appropriation immediately after the December of 2001 City Attorney run-off election was held, when the Department knew the extent of the cost overruns of the November of 2001 election, the December of 2001 City Attorney run-off election expenses that had not been included in the budget, the potential costs of Proposition E which had been approved in November of 2001, and the likely increased costs of the March 5, 2002 election. At that time, there could have been a meaningful discussion regarding the need for technical consultant services and public relations contractors, the need to rent vehicles at a cost of up to \$185,000 for the March 5, 2002 election, additional materials and supplies, etc. In the professional judgement of the Budget Analyst, the Department should have obtained prior approval from the Board of Supervisors before incurring such expenses since such expenses were in excess of the Department's budget.

Furthermore, the Budget Analyst concludes that there have been little, if any budgetary controls or efficiency measures undertaken by the Department, coupled with a total disregard by the management of the Department for the approved appropriations established in the FY 2001-2002 budget.

10. The Budget Analyst notes that the Department's FY 2001-2002 budget also included an additional \$62,087 of revenues from (1) the elimination of discounted fees for early submission of ballot arguments and (2) a ten percent increase in the ballot argument fees beginning with the March of 2002 election. However, to date, such legislation has not been approved by the Board of Supervisors. As a result, the Department of Elections is continuing the unauthorized practice of offering discounts for ballot arguments, which subsidizes the costs of such paid arguments in the Voter Information Pamphlets, and will result in an estimated revenue shortfall of \$62,087 for the Department this fiscal year.

11. According to Mr. Minasian, in response to the direction of the Elections Commission, the proposed supplemental appropriation does not include any funds for recanvassing of the 2000 elections. It should be noted that the

Department had previously estimated that it would cost approximately \$870,000 to conduct a full recanvassing of both the November and December of 2000 elections. Ms. Gloria Young, the Clerk of the Board, advises that the Board of Supervisors, in consultation with the Elections Commission, approved a motion (File 02-0087), directing the Clerk of the Board to work with the Secretary of State to identify a scope of work for recanvassing the November and December of 2000 elections and to prepare a Request for Proposal (RFP) for a third party to perform such a recanvass. According to Ms. Young, the RFP has been issued and the bids are due by May 3, 2002. Ms. Young advises that she will request further direction from the Board of Supervisors based on the results of the bids that are submitted.

12. According to Mr. Ted Lakey of the City Attorney's Office, the Board of Supervisors is obligated to pay the salary expenditures that have been incurred for permanent or temporary employees who were properly authorized to work, and in fact did work for the DOE. Regarding the remaining non-salary expenditures, Mr. Lakey advises that the City Attorney's Office would have to review individual contracts and agreements that were entered into by the DOE to determine whether the City could withhold funds from such vendors and contractors, if the Board of Supervisors did not want to approve such funds. However, Mr. Lakey notes that in many of these cases, the DOE has already received and used the materials that may be in question (e.g., tables and chairs, cell phones, etc.), and the ability of the DOE to return such materials to vendors may be questionable.

13. Mr. Ed Harrington of the Controller's Office sent a memorandum to Ms. Haygood on March 26, 2002, which is included as Attachment IV. In this memorandum, Mr. Harrington cites the City Charter and typical contract provisions and notes that "The Department of Elections routinely makes contractual agreements and purchases goods and services without (the required) Controller certification. After the goods or services have been received, you then provide my office with an invoice to pay. This process puts you and your vendors at risk of non-payment."

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

14. The Controller's Office has now completed their review of all of the expenditures of the Elections Department to determine how much has been expended to date, to review and verify all of the invoices submitted, and to project expenditures for the balance of FY 2001-2002 in order to realistically determine the amount of additional funds that are required for the Department of Elections. Mr. Harrington advises that he will advise the Finance Committee at the May 8, 2002 Committee Meeting regarding the results of his review.

- Recommendations:**
1. Amend the proposed supplemental appropriation ordinance to provide for retroactivity.
 2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

COSTS OF DECEMBER, 2001, RUNOFF ELECTION

DESCRIPTION	AMOUNT
POLL WORKER FEES AND POLLING PLACE RENTS	410,661
DPT ENFORCEMENT SVCS ON DEC.11, 2001 (MEMORY PACK PICKUP)	19,889
TRAINER/INSPECTOR FOR THE DEC.11, 2001 ELECTION	5,850
TEMP AGENCY WORKERS	26,331
MANAGEMENT CONSULTING SERVICES	28,631
DATA PROCESSING SERVICES	5,226
VEHICLE RENTAL	6,740
LIGHT TOWER RENTAL	4,875
TENT RENTAL	10,275
RESTROOM RENTAL	11,548
MAILING SERVICES	59,717
VIP PRINTING	59,899
DECEMBER BALLOTS	147,723
POSTAGE FOR VIP AND BALLOTS	134,280
ADVERTISING	13,658
MATERIALS AND SUPPLIES	171,219
IS-CENTRAL SHOPS-AUTO MAINT	1,125
IS-CENTRAL SHOPS-FUEL STOCK	1,017
GF-MAIL SERVICES	2,312
IS-REPRODUCTION	3,292
IS-TIS-ISD SERVICES	42,300
MISCELLANEOUS NOT DETAILED	50,000
SUBTOTAL	1,216,569
TEMPORARY SALARIES/OVERTIME (ONE-THIRD OF ACTUAL THROUGH DEC)	731,265
TOTAL	1,947,834

DEPARTMENT OF ELECTIONS
City and County of San Francisco



Attachment II
Page 1 of 2
TAMMY HAYGOOD
Director

March 11, 2002

To : Supervisor Chris Daly

From : Tammy Haygood
Director of Elections

Subject: Information regarding consultants hired for communications,
outreach, and voter education

This is in response to your inquiry regarding communications specialists hired by the Department of Elections since the November election. The following is the information you have requested:

- **Contractual commitments.** Ironically, the article in the *San Francisco Chronicle* regarding my hiring of "communications specialists" is an example of poor communications. The Chronicle stated: "Since November, Haygood has hired four communications specialists from public relations firms, including Bill Strawn, former deputy press secretary for then-Mayor Dianne Feinstein, to help her answer questions from voters, candidates and the media." In fact, I have not actually hired two of the four consultants whom I introduced to the Chronicle reporter who wrote the article; they are working on a pro bono basis. I have requested their advice on a variety of communications, voter education, and outreach issues, and it has been very valuable. I have been soliciting such advice from many individuals throughout the public and private sectors at no cost to the City.

The two consultants with whom I do have contractual commitments are working on an as-needed basis through March 31, 2002. Each is limited to a maximum of \$50,000, although I am hoping to keep actual charges below that amount. The scope of services they are providing is described in the two attachments to this memo. In addition, I employed one communications consultant prior to the November election at a cost of \$20,000.

- **Funding.** The FY 01-02 original budget for the Department of Elections was based on a variety of estimated costs for professional and other services, totaling \$3.9 million for two elections. This amount included an estimate of \$50,000 for voter outreach services. Of the \$3.9 million, approximately \$2.3 million has been expended or committed at this time for the November and December elections. As would be expected for a department that operates under such major uncertainties, some costs have exceeded last spring's estimates for the budget, and others are

Supervisor Chris Daly
December 28, 2001
Page 2

below budget. My staff and I are preparing a detailed line-item analysis of our current and projected expenditures, which we will need to support the request for supplemental appropriation to be submitted in the next few weeks; however, I believe that the consulting services described above are both within my budgetary authority and defensible.

- **Question regarding "Deputy Director" position.** You have asked about a position that was added to the Department of Elections FY 00-01 budget by the Board of Supervisors. My understanding is that this position was a class 1376 Special Assistant XVII, and that this position was not included in either the reorganization plan or the FY 01-02 budget request submitted by the department to the Board of Supervisors last spring.

I am further informed that the three "Deputy Director" positions in the FY 01-02 budget were in substitution for four "Division Manager" positions that existed in the FY 00-01 budget. These Deputy Director positions have not yet been classified by the Department of Human Resources; hence, their specific responsibilities have not been defined. Of these three positions, only one is currently filled, as an operations manager; this employee is not able to support the department's communications needs. The funding for one of the other two positions has been diverted to pay for the continued employment of the 1376 Special Assistant XVII referred to above, to whom I have not assigned communications responsibilities. The third Deputy Director position is vacant at this time.

- **Additional comments.** It has become very obvious that the Department of Elections needs to improve and broaden the effectiveness, clarity, form, and channels of its communications at all levels including to the general public, voters, City staff, media, and the Board of Supervisors. Apart from my own perspective, this need was recently expressed to me by the members of the Rules Committee. The department unfortunately no longer has the luxury of utilizing such an outstanding spokesperson as Chris Hayashi was last year, despite the fact that our needs for communications are as great as they were before, if not greater.

I believe that I am not only justified in hiring consultants to address these critical needs, but that I would be negligent if I were not to devote resources to this area right now. The department's communications efforts will result over time in improved understanding by media, elected officials, and the public of both the election process and the department's operations. Such improved understanding is an essential ingredient to help break the pattern of reactively explaining the department's activities, a pattern that has been diverting far too many management resources.

Please let me know if you would like any further information on this matter.

c: Ed Harrington, Bill Lee

[illegible]

[illegible]

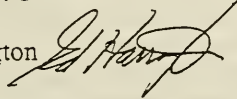
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Grand Total:	\$184,980.53
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MEMORANDUM

TO: Tammy Haygood, Director of Elections

FROM: Ed Harrington 

DATE: March 26, 2002

SUBJECT: City Contracting Rules

I believe there may be some confusion on your part when you say the Department of Elections typically follows the City's rules when purchasing goods and services. This is not accurate. The City's rules require that the Controller certify the availability of funds before a contract or purchase order is complete and before any obligation exists for the City. The Department of Elections routinely makes contractual agreements and purchases goods and services without any Controller certification. After the goods or services have been received, you then provide my office with an invoice to pay. This process puts you and your vendors at risk of non-payment.

The City Charter says:

No officer or employee shall bind the City and County to expend money unless there is a written contract or other instrument and unless the Controller shall certify that sufficient unencumbered balances are available in the proper fund to meet the payments under such contract or other obligation as these become due.

Typical contracts signed by you this year include the wording:

This Agreement is subject to the fiscal provisions of the City's charter and the budget decisions of its Mayor and Board of Supervisors. No funds will be available hereunder until prior written authorization certified by the City's Controller. The Controller cannot authorize payments unless funds have been certified as available in the budget or in a supplemental appropriation. This Agreement shall automatically terminate, without liability to the City, if funds are not properly appropriated by the Mayor and the Board of Supervisors or certified by the Controller.

The Elections Department also is misusing the City's "blanket purchase order" process. A blanket PO is designed to let a vendor know that a City department or multiple City departments plan to purchase goods or services from that vendor. The City issues a blanket PO so we can track the total spending against it—often across departmental lines. It is not a purchase order committing the City to spend any money. It is not a certification by the Controller that funds exist to pay for any goods or services. Typically, this is the only item the Department of Elections processes through our accounting system before we see an invoice. Blanket PO's have the following statement on their face:

This is not an order for goods or services.... A separate contract purchase order must be recorded against this document to encumber funds, constituting the Controller's certification and approval of funds...

cc: Clerk, Board of Supervisors
Members, Board of Supervisors
Ted Lakey, City Attorney
Judith Blackwell, Purchaser

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

Item 5 – File 02-0664

Note: The subject request for release of \$364,444 for LAFCO was submitted on April 24, 2002, and then was amended on May 1, 2002 to reduce the request to \$125,000.

Department: San Francisco Local Agency Formation Commission (LAFCO)

Item: Hearing to request the release of reserved funds for LAFCO in the amount of \$125,000.

Amount: \$125,000

Source of Funds: General Fund

Description: On December 5, 2000, the Board of Supervisors appropriated \$754,250 from the General Fund Reserve for LAFCO, and placed \$604,250 of these funds on reserve, pending submission of a more detailed budget. Subsequently, for all of FY 2000-2001, LAFCO expended a total of \$11,522. The remaining \$742,728 (\$754,250 originally appropriated less \$11,522 expended in FY 2000-2001) was carried forward to FY 2001-2002, including \$604,250 of funds that were placed on reserve. In October of 2001, \$239,806 of the \$604,250 was released from reserve by the Finance Committee for LAFCO to pay legal and additional operating expenses, leaving a balance of \$364,444 remaining on reserve.

On April 24, 2002, LAFCO approved a motion for the Executive Officer of LAFCO, Ms. Young, to request a release of the remaining \$364,444 on reserve from the Finance Committee. Ms. Young advises that only \$125,000 is needed to fund the current fiscal year expenditures for LAFCO and the remaining \$239,444 will not be needed until FY 2002-2003. Therefore, as noted above, Ms. Young initially requested the remaining total balance of \$364,444 be released from reserve, but has now amended that request, to \$125,000.

Ms. Young, advises that the requested \$125,000 is needed for (a) additional legal expenses for private

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

counsel (\$25,000) and (b) to enter into contracts with private firms to provide energy consulting services (\$100,000).

Comments:

1. According to Ms. Young, LAFCO is currently negotiating with three firms: (1) R.W. Beck, (2) Flynn and Associates, and (3) Henwood Energy Services, Inc. to provide energy consulting services, at a cost not to exceed \$100,000. Ms. Young advises that under the proposed arrangement, R.W. Beck would act as the lead consultant, and Flynn and Associates and Henwood Energy Services, Inc. would provide specific technical support. Ms. Young further advises that the three major issues to be addressed by the energy consultants are: (1) high energy prices, (2) energy reliability issues, such as shortages and outages and (3) local vs. State-wide control of energy production. According to Ms. Young, the contract is currently being finalized, with the work expected to begin by mid-May of 2002, a draft report to be completed by June 17, 2002 and the final report issued by July 10, 2002.

2. LAFCO currently contracts with three private firms for legal counsel: (1) Nancy L. Miller, (2) Donald H. Maynor and (3) Fred Yanney of Fulbright & Jaworski, LLP. LAFCO budgeted a total of \$100,000 for legal counsel in FY 2001-2002. Through March 22, 2002, LAFCO expended \$85,551 for such legal expenses, leaving a remaining balance of \$14,449 for the fiscal year. Ms. Young advises that LAFCO will likely incur estimated legal expenses of approximately \$40,000 during the last three months of the fiscal year, and has therefore requested an additional \$25,000 of funds be released from reserve to pay for such legal counsel.

3. The Budget Analyst believes that the subject \$125,000 request is reasonable.

4. Mr. Tom Owen of the City Attorney's Office has advised the Budget Analyst's Office that the Finance Committee may consider the subject release of reserves, as the Committee would review and consider any other City department's release of reserve. However, Mr. Owen advised, that given a change in State LAFCO law, which became effective on January

BOARD OF SUPERVISORS

BUDGET ANALYST

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

1, 2001, the Board of Supervisors may not place any future LAFCO requests for funds on reserve. In addition, Mr. Owen further advised that, in accordance with current State law (Government Code Section 56381), San Francisco's LAFCO has the authority to (a) prepare its own budget, (b) transmit its budget for payment to the City and County of San Francisco, and (c) neither the Mayor nor the Board of Supervisors may reduce the budget request submitted by LAFCO. Ms. Young advises that LAFCO anticipates transmitting a budget request of \$458,750 for FY 2002-2003.

Recommendation: Approve the requested release of \$125,000 of reserved funds.

Item 6 - File 02-0241

Note: This item was continued by the Finance Committee at its meeting of April 17, 2002.

Department: Department of Administrative Services (DAS)

Item: Hearing to consider the applications from various agencies to participate in the City's 2002 Annual Joint Fundraising Drive.

Description: Section 16.93-3 of the Administrative Code requires the Department of Administrative Services (a) to review all applications from charitable organizations and any Mayor's Fund which request to participate in the City's Annual Joint Fundraising Drive, and (b) to recommend to the Board of Supervisors applications which qualify to participate in the City's Annual Joint Fundraising Drive in accordance with criteria set forth in Section 16.93-2 of the Administrative Code.

The Department of Administrative Services reports that it has reviewed the applications from six charitable organizations and three Mayor's Funds, for a total of nine applicants, that have applied to participate in the City's 2002 Annual Joint Fundraising Drive in accordance with the criteria delineated in Section 16.93-2 of the Administrative Code. The Department of Administrative Services reports that all six charitable organizations and three Mayor's Funds comply with the Section 16.93-2 criteria and recommends that all nine organizations be approved to participate in the City's 2002 Annual Joint Fundraising Drive. The summary of findings reported by the Department of Administrative Services is contained in the Attachment to this report.

Section 16.93-4 of the Administrative Code also requires that the Board of Supervisors designate, by resolution, those applicants that qualify to participate in the 2002 Annual Joint Fundraising Drive. The six charitable organizations and three Mayor's Funds that have applied and been recommended by the Department of Administrative Services to participate in the City's 2002 Annual Joint Fundraising Drive are as follows:

- Bay Area Black United Fund, Inc.
- Community Health Charities
- Earth Share of California (Environmental Federation of California)
- Local Independent Charities
- International Service Agencies

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

- United Way of the Bay Area
- Mayor's Fund for the Homeless
- San Francisco Youth Fund (formerly known as the Mayor's Youth Fund)
- Mayor's Youth Employment for the Summer Fund (for which the Private Industry Council of San Francisco, Inc. serves as fiscal agent)

Comment: According to Ms. Jill Lerner of DAS, the nine organizations and funds listed above are the same organizations and funds which participated in the City's 2001 Annual Joint Fundraising Drive.

Recommendation: Approval of this matter is a policy decision for the Board of Supervisors. If the Finance Committee decides to designate any or all of the nine qualifying charitable organizations to participate in the City's 2002 Annual Joint Fundraising Drive, including (1) Bay Area Black United Fund, Inc.; (2) Community Health Charities; (3) Earth Share of California (Environmental Federation of California); (4) Local Independent Charities; (5) International Service Agencies; (6) United Way of the Bay Area; (7) Mayor's Fund for the Homeless; (8) Mayor's Youth Employment for the Summer Fund and (9) San Francisco Youth Fund, then a resolution should be prepared in and reported out for such designation.

SUMMARY OF FINDINGS

2002 Review of Applications To Participate in Annual Fundraising Drive

SUMMARY OF METHODOLOGY AND FINDINGS

Our review consisted of an examination of the materials provided in File No. 020241 and telephone conversations with representatives from applicant organizations. We were advised by Deputy City Attorney Ted Lakey that telephone inquiries were appropriate to clarify information supplied by the applicants. This is the same method we have used in past years to prepare this report to the Board of Supervisors.

All nine organizations that applied for participation in the 2001 Joint Fundraising Drive were in compliance with the criteria established by the Board of Supervisors as delineated in the Administrative Code.

CRITERIA

Following is a list of the criteria established by the Board of Supervisors and information as to how the applicants met each requirement. New legislation enacted in 1997 includes in the annual joint fund-raising drive any Mayor's fund that is created to further social causes. Under Administrative Code Section 16.93-2, only subsections (b), (c) and (e) apply to the Mayor's funds. All other agencies must satisfy subsections (a) through (e).

Criterion A: Be a federated agency representing ten (10) or more charitable organizations of which 50 percent shall represent organizations located in the counties of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa and Marin.

According to the City Attorney, "located in the counties" may be defined as having offices, fundraising or otherwise doing business in those counties.

1. Bay Area Black United Fund, Inc.

Bay Area Black United Fund, Inc. represents 46 agencies, all of which are located in the Bay Area.

2. Community Health Charities

Community Health Charities represents more than 40 health organizations of which 50 percent or more are located in the Bay Area.

Summary of Findings
2002 Review of Applications
Page 2 of 4

3. Earth Share of California (Environmental Federation of California)

Earth Share of California represents over 100 organizations of which 50 percent or more are located in the Bay Area.

4. Local Independent Charities (LIC)

Local Independent Charities represents over 170 organizations of which 50 percent or more are located in the Bay Area.

5. International Service Agencies (ISA)

International Service Agencies represents more than 30 charities of which 50 percent or more are located in the Bay Area.

6. United Way of the Bay Area

United Way of the Bay Area represents over 125 organizations, all of which are located in the Bay Area.

Criterion B: The federated agency or Mayor's fund must certify to the Board of Supervisors that the Federal Internal Revenue Service has determined that contributions to all of the represented charitable organizations or Mayor's funds are tax deductible.

Based on consultation in years past with the City Attorney, we have concluded that all the applicants complied with this requirement.

Criterion C: The federated agency must have been in existence with 10 or more qualified charities for at least one year prior to the date of application and provide satisfactory evidence to that effect at the time of filing an application with the Board. Mayor's funds shall submit their most recent financial statement to the Board of Supervisors on an annual basis.

This criterion was met by all agencies.

Criterion D: The federated agency must submit its most recent certified audit at the time of filing an application with the Board.

Summary of Findings
2002 Review of Applications
Page 3 of 4

All agencies provided these documents, as detailed below:

1. Bay Area Black United Fund, Inc. provided Audited Financial Statements dated December 31, 2000 with an Auditor's Report by Ravinder Singh & Associates, dated March 30, 2001.
2. Community Health Charities of California provided Financial Statements for the year ended June 30, 2001, with an Independent Auditors' Report prepared by Rooney, Ida, Nolt and Ahern, CPAs, dated July 30, 2001.
3. Earth Share of California provided Financial Statements for the years ended September 30, 2001 and 1999 along with the Auditors' Report by Bregante & Company, LLP, dated February 2, 2001.
4. International Service Agencies provided Financial Statements for the years ended June 30, 2001 and 2000 with an Independent Auditor's Report by the Lang Group, Chtd., dated August 14, 2001.
5. Local Independent Charities provided Financial Statements for the years ended April 30, 2001 and 2000 with an Independent Auditors' Report by Maze & Associates Accountancy Corporation, dated October 16, 2001.
6. United Way of the Bay Area provided combined Financial Statements for the years ended June 30, 2001 and 2000 with a Report of Independent Certified Public Accountants by Grant Thornton, LLP, dated January 10, 2002.
7. The Mayor's Homeless Fund, created by ordinance (Administrative Code Section 10.117-33), provided a statement of balance as of February 13, 2002.
8. The San Francisco Youth Fund is served by the Every Child Can Learn Foundation as its fiscal agent. Financial Statements for the years ended June 30, 2001 and 2000 were provided along with an Independent Auditors' Report by Hood & Strong, LLP, dated September 26, 2001. Also included was a Statement of Operating Activity dated 2/28/02.
9. Mayor's Youth Employment for the Summer Fund (YES) is served by the Private Industry Council ("PIC") as its fiscal agent. The PIC submitted Audited Financial Statements for the two year period ended June 30, 1999 with an Independent Auditor's Report by Izabal, Bernaciak & Company dated December 8, 2001.

Summary of Findings
2002 Review of Applications
Page 4 of 4

Criterion E: Agencies that wish to participate in the Annual Drive are required to submit applications to the Board of Supervisors that include all information that may be relevant to the criteria listed in the Section.

As stated earlier in this report, the City Attorney advised that the applications may be considered complete although clarification may have been necessary to conduct this review.

All applicants provided documentation in their letters of application to the Board of Supervisors or confirmed by telephone that they are in compliance with the requirements of Section 16.93-2 which constitutes "certification."

Therefore, all applicants were in compliance with Criterion E.

Item 7 File 01-1178

Department: Police Department
Taxi Commission

Item: Ordinance amending Sections 2.26.1 and 2.27.1 of the Police Code to amend the schedules for Motor Vehicles for Hire of the one-time permit application filing fees, other related fees and annual license fees and transferring responsibility for the administration the Motor Vehicles for Hire Program from the Police Department's Taxicab Detail to the Taxi Commission.

Description: In November of 1998, San Francisco voters approved a Charter Amendment that created the Taxi Commission (Proposition D) to administer the Motor Vehicles for Hire permits, fees and licensing program. Police Code Section 1076 (a) defines Motor Vehicles for Hire as every type, kind and class of privately owned motor-propelled passenger-carrying vehicles for hire over which the City may exercise jurisdiction, excluding vehicles licensed in other jurisdictions, limousines, funeral limousines, buses, private ambulances or rail vehicles.

The proposed ordinance would (a) transfer responsibility for the administration the Motor Vehicles for Hire Program from the Police Department's Taxicab Detail to the Taxi Commission in accordance with Charter Section 4.133; and (b) amend Sections 2.26.1 and 2.27.1 of the Police Code to modify the amount of the fees charged under the Motor Vehicles for Hire Program. The permit application filing fees are currently collected on a one-time basis only while other related fees are collected when applicable, for example each time a Medallion is lost, by the Police Department. The annual license fees are collected by the Treasurer/Tax Collector's Office.

In accordance with Police Code Section 1087, all revenues generated from Motor Vehicles for Hire fees are deposited in the Taxicab Enforcement Fund and such funds can only be used for the capital and operating costs related to the Motor Vehicles for Hire permit and license program. Such capital costs include vehicles used for auditing and enforcement purposes and the operating costs include

personnel expenses, materials and supplies. All expenditures made from the Taxicab Enforcement Fund are subject to appropriation approval by the Board of Supervisors.

As shown in Attachment I, provided by the Taxi Commission, Sections 2.26.1 and 2.27.1 of the Police Code impose 12 permit application filing fees and other related fees and eight annual license fees for Motor Vehicles for Hire. According to Inspector Farrell Suslow of the Police Department's Taxicab Detail, these fees are designed to cover the cost of all administrative and investigative work of the Police Department's Taxicab Detail and the Taxi Commission, including the work for processing permit applications, whether or not the permits are ultimately granted. Sections 2.26.1 and 2.27.1 of the Police Code also currently allow for a 50 percent credit against the permit application filing fee and annual license fee for each taxicab or ramped taxicab (wheelchair accessible) operating on compressed natural gas. This 50 percent credit will expire on January 1, 2003. Inspector Suslow advises all annual license fees are due on June 30 of each year except for the license for taxicab drivers, which is due on December 31.

Currently, the permit, license and other fee revenue supports all administrative and enforcement functions related to Motor Vehicles for Hire. Administrative duties include audits to ensure compliance with Motor Vehicles for Hire requirements under Article 16 of the Police Code and Appendix Six of the Administrative Code, such as ensuring that Taxicab drivers are driving their vehicles for at least four hours during any 24-hour period for 75 percent of the business days during the calendar year. Such administrative duties are currently performed by both the Police Department's Taxicab Detail and the two staff at the Taxi Commission, the Executive Director and a 1424 Clerk Typist. Police Department uniform personnel also perform enforcement duties, such as responding to complaints or alleged violation of the Police Code by Taxicab drivers. Under the proposed ordinance, the Taxi Commission would be responsible for all administrative duties and enforcement duties would

continue to be performed by Police Department uniform personnel under a work-order.

Approval of the proposed ordinance would amend Sections 2.26.1 and 2.27.1 of the Police Code to: (1) revise the fees as shown in Attachment I; and (2) transfer administrative responsibility for the Motor Vehicles For Hire Program from the Police Department's Taxicab Detail to the Taxi Commission.

As shown in Attachment I, the Taxi Commission estimates that the proposed fee schedule would increase revenues by \$403,895 or 38.8 percent annually, from current revenues of \$1,040,355 to \$1,444,250 annually, assuming the same number of permits and licenses are processed. Currently, 10,570 permits and licenses are issued or renewed annually. Of the 10,570 permits and licenses, 3,646 one-time permits and other fees are issued annually and 6,924 licenses are issued annually. Ms. Pamela Levin of the Controller's Office reports that as of May 2, 2002 the fund balance available for appropriation from the Taxicab Enforcement Fund is \$80,647. The Motor Vehicles for Hire Program has total budgeted expenditures of \$1,125,000 in FY 2001-2002, including expenditures of the Police Department's Taxicab Detail and the Taxi Commission. These expenditures are funded from current year permit, other related fees and license fee revenues and surplus Taxicab Enforcement Fund balances from prior years.

Inspector Suslow reports that the subject fees were last modified in April of 1999 (File No. 98-1443). Inspector Suslow advises that the proposed fee changes are necessary to offset the increased costs of administering the Motor Vehicle for Hire Program.

Attachment II, provided by Ms. Naomi Little, Executive Director of the Taxi Commission, describes (a) the Taxi Commission and the Police Department's Taxicab Detail duties; (b) why the Taxi Commission is requesting the proposed fee changes; (c) how the permit and license fee revenues are currently expended; and, provides (d) a proposed summary FY 2002-2003 budget, which assumes that the proposed ordinance is approved.

Comments:

1. Inspector Suslow advises that if the proposed ordinance is approved and all of the administrative responsibilities of the Motor Vehicles for Hire Program are transferred from the Police Department's Taxicab Detail to the Taxi Commission, the criminal enforcement duties for the Motor Vehicles for Hire Program would continue to be the responsibility of the Police Department's Taxicab Detail and funds would be work-ordered from the Taxi Commission to the Police Department's Taxicab Detail for enforcement duties. Captain Goldberg, Head of the Police Department's Fiscal Division, advises that Police Department personnel currently working in the Motor Vehicles for Hire Program would either be transferred to the new Taxi Commission budget or absorbed within the Police Department's budget with no changes in the Police Department's General Fund expenditures. Ms. Little advises that the Taxi Commission's budget is currently part of the Police Department's budget and it is the intention of the Taxi Commission to separate its budget from the Police Department during FY 2002-2003.

2. According to Ms. Little, if the proposed ordinance is approved, the Motor Vehicles for Hire fees would generate sufficient funds to offset all existing costs as well as the personnel costs for the six new positions which the Taxi Commission is requesting in its FY 2002-2003 budget. The Taxi Commission plans to reduce its work-order to the Police Department's Taxicab Detail to reflect the reduction in administrative support provided by the Police Department's Taxicab Detail. However, Ms. Little advises that the Police Department's Taxicab Detail would continue to provide administrative support during FY 2002-2003 until the Taxi Commission is fully staffed and trained to assume all of the administrative responsibilities.

As stated above, Motor Vehicles for Hire fees were last modified in April of 1999. The Police Department's Taxicab Detail's total FY 1999-2000 budget was \$890,525. However, with salary increases in FY 2000-2001, FY 2001-2002 and FY 2002-2003, the equivalent expenditure after salary increases, would be \$983,000 in FY 2002-2003. As shown in Attachment II, the total proposed Taxi

Commission budget for FY 2002-2003, which assumes that the proposed ordinance would be approved, is \$1,426,000, an increase of approximately \$443,000, or 45 percent over the adjusted FY 1999-2000 budget of \$983,000. As noted above, fee revenues are being increased by 38.8 percent. Ms. Little advises that, in addition to the six new requested positions for the Taxi Commission to assume the administrative responsibilities of the Motor Vehicles for Hire Program, the proposed FY 2002-2003 budget includes funds to purchase one new automobile, materials and supplies, rent and increased salary costs.

3. Ms. Little advises that if the subject proposed ordinance increasing permit and licensing fees is not approved, the Taxi Commission would eliminate its equipment purchases, renegotiate its work-order with the Police Department's Taxicab Detail and would reduce its request for the six new administrative staff in its FY 2002-2003 budget request.

4. In view of the fact that (a) new positions are being requested in the forthcoming FY 2002-2003 budget (b) the proposed fee increases are based, in part, on supporting the costs of the new positions and (c) the Mayor's final recommended FY 2002-2003 budget will not be reviewed by the Budget Committee and the Budget Analyst until June 2002, at which time the Budget Analyst would examine the justification of all new positions including the workload related to these positions, the portion of this ordinance pertaining to the proposed fee modifications should be continued to the Call of the Chair.

Recommendations:

1. Sever the proposed ordinance in order to continue consideration of the proposed fee modifications to the Call of the Chair, to be again considered at the June, 2002 budget hearings, in accordance with Comment No. 4 above.
2. Approve the portion of the proposed ordinance to transfer responsibilities for the administration of the Motor Vehicles for Hire Program from the Police Department to the Taxi Commission in accordance with the Charter.

Proposed Permit Fee Increase

Permit/Fee/License Type	Number Processed	Current Fee 2002	Current Revenue	Proposed Fee	Proposed Revenue	Variance in Fee	Variance in Revenue
Driver Permit Applications (one-time)	1400	\$65	\$91,000	\$65	\$91,000	\$0	\$0
Driver Renewals/Licenses	5500	\$40	\$220,000	\$40	\$220,000	\$0	\$0
Permit Holder Applications (one-time)	150	\$450	\$67,500	\$550	\$82,500	\$100	\$15,000
Permit Holder Renewals/Licenses*	1306	\$330	\$430,980	\$625	\$816,250	\$295	\$385,270
Ramped Taxicab Permit Applications (one-time)	20	\$325	\$6,500	\$100	\$2,000	(\$225)	(\$4,500)
Ramped Taxicab Renewals/Licenses	75	\$175	\$13,125	\$100	\$7,500	(\$75)	(\$5,625)
PCN Applications (one-time)	400	\$200	\$80,000	\$225	\$90,000	\$25	\$10,000
Color Scheme Change Fee**	150	\$125	\$18,750	\$150	\$22,500	\$25	\$3,750
Lost Medallions Fee***	20	\$150	\$3,000	\$150	\$3,000	\$0	\$0
Metal Medallions Fee (one-time)	1500	\$25	\$37,500	\$25	\$37,500	\$0	\$0
New Color Scheme Permit Applications							
1 to 5 Medallions (one-time)	5	\$500	\$2,500	\$500	\$2,500	\$0	\$0
6 to 15 Medallions (one-time)	0	\$1,000	\$0	\$1,000	\$0	\$0	\$0
16 to 49 Medallions (one-time)	0	\$2,000	\$0	\$2,000	\$0	\$0	\$0
50 or more Medallions (one-time)	0	\$2,500	\$0	\$2,500	\$0	\$0	\$0
Color Scheme Renewals/Licenses							\$0
1 to 5 Medallions	14	\$500	\$7,000	\$500	\$7,000	\$0	\$0
6 to 15 Medallions	6	\$1,000	\$6,000	\$1,000	\$6,000	\$0	\$0
16 to 49 Medallions	7	\$2,000	\$14,000	\$2,000	\$14,000	\$0	\$0
50 or more Medallions	7	\$2,500	\$17,500	\$2,500	\$17,500	\$0	\$0
Dispatch Service Permit Application (one-time)	1	\$2,500	\$2,500	\$2,500	\$2,500	\$0	\$0
Dispatch Service Renewals/Licenses	9	\$2,500	\$22,500	\$2,500	\$22,500	\$0	\$0
Total	10,570		\$1,040,355		\$1,444,250		\$403,895

* The current fee is \$550, however, a \$220 "incentive discount" is given for those taxicabs participating in the paratransit program. The Board of Supervisors has made the participation mandatory.

We are asking for the elimination of the "incentive discount" for participating in the paratransit program.

** A medallion holder can change color schemes as many times as he or she chooses and a fee will be charged each time the color scheme is changed.

*** Everytime, the medallion holder loses a medallion, he or she must pay a fee to replace that medallion.

City and County of San Francisco



Taxicab Commission
Mayor Willie L. Brown, Jr.

Naomi M. Little
Executive Director

May 2, 2002

Ms. Maureen Singleton
Budget Analyst Office
Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Dear Ms. Singleton:

SUBJECT: Draft Report Regarding Ordinance Amending Schedules for Motor Vehicles for Hire

I prepared responses to some of your questions regarding the uses of the additional monies generated by the fee increase.

1. What does the Taxicab Commission/Taxicab Detail administration and investigation entail?

Taxicab Commission:

The Taxicab Commission is delegated with the duty of implementing and enforcing the rules and regulations that governs the taxicab industry. In addition, the Taxicab Commission Department will assume all permitting responsibilities, including drivers, permit holders, ramp taxicabs, PCN applications, color scheme changes, lost medallions, metal medallions, color scheme renewals and applications, and dispatch services. When a person files an application, the Taxicab Commission Department will initiate a background investigation. This entails investigating the validity of the application and ensuring that the various qualifications of the applicant are correct.

Proposition D requires that the Taxicab Commission assume "all powers and responsibilities relating to taxicabs and other motor vehicles for hire, other than criminal enforcement, now vested with the Police Commission, the Police Department or the Chief of Police." San Francisco Charter § 4.133(b). The Taxicab Commission will take over all administrative audits such as the Proposition K, Dispatch and Color Scheme audits. The Taxicab Commission will also have the responsibility for handling customer service complaints.

SFPD Taxicab Detail:

The Police Department will continue with criminal enforcement. This includes street enforcement, local or state law violation complaints, and lost property recovery. Street enforcement entails checking taxicabs on the street to determine whether the driver is carrying his or her A-card (i.e. driver's permit card), badge and to ensure the taxicab is in compliance with the California Vehicle Code, the Municipal Police Code and the Taxicab Commission's Rules and Regulations. The Taxicab Detail will provide greater police enforcement to help deter out-of town taxicabs and limousines, which unlawfully solicit passengers in San Francisco. In addition, special operations, such as stings, will uncover refusals to take passengers to specified locations.

2. Why does the Taxicab Commission need the increase changes and deletions?

The increase of the permit holder (i.e. medallion holder) one-time application filing fees from \$450 to \$550, and the increase of the permit holder renewals fee from \$550/\$330 to \$625 is a \$400,270 increase in revenues. This increase will primarily be expended on the Taxicab Commission Office salaries and administration.

As for the renewal fee, a \$220 incentive discount was given for those participating in the paratransit program. The Board of Supervisors passed Ordinance # 98-1039 making participation in the paratransit program mandatory. Elimination of the incentive discount is a major percentage of the \$400,270 increase in permit holder renewal fees.

The Taxicab Commission Office decided to reduce the Ramped Taxicab one-time application filing fees from \$325 to \$100, and renewal fees from \$175 to \$100, which is a \$9,625 decrease in revenues. Ramped Taxicab Permit holders are burden with the high costs of operating a ramped taxicab. Some ramped taxicab permit holders are required to purchase their own ramped taxicab, which costs anywhere between \$32,000 and \$40,000. In addition, there are higher maintenance costs for a ramped taxicab than for a regular taxicab sedan.

The increase of the one-time PCN Applications (i.e. waiting list application) and the increase of the one-time Color Scheme Change fee will help offset the reduction of the Ramped Taxicab fees.

Definitions

Color Scheme Holder: Any permittee licensed by the City and County of San Francisco to operate a taxicab company color scheme. The phrase "Color Scheme Holder," "Taxicab Company," and "Taxi Company," may be used interchangeably [Taxicab Commission Rule § 1.3.C.]

Public Convenience & Necessity ("PCN"): This is the burden of proof required by the Taxicab Commission to determine whether a permit should be issued for the operation of any motor vehicle for hire. [Municipal Police Code § 1079(c)]

3. How is the current money being used and what are the projected uses?

Overall, 75% of the budget is allocated for Taxicab Commission and Taxicab Detail salaries – approximately \$372,000 for the Taxicab Commission and \$700,000 for the Taxicab Detail. Once the Taxicab Commission staff is hired, this Department will assume all administrative duties. The Taxicab Detail will focus only on criminal enforcement. However, it is unlikely that all eight positions in the Taxicab Commission Office will be filled by September 2002. Therefore, the Taxicab Detail will provide administrative support until the Taxicab Commission is able to fill the majority of its positions.

As the Taxicab Commission Office's staff increases, the Taxicab Detail's staff will decrease. However, the projected costs for the two agencies will still be larger than current costs due to proactive programs required by the Commission such as criminal enforcement, improving drivers training, community outreach and marketing campaigns.

The remaining funds will be used to provide the Taxicab Commission Department with operating expenses. As a newly created office many of the expenses will be for basics such as office rent, service contracts to other City Departments (i.e. City Attorney and City Watch), and funding dispatch studies. Additionally, there are initial costs such as furniture, office equipment and a vehicle for staff auditors.

The following chart shows a quick comparison between this year's actual budget and the Taxicab Commission and Taxicab Detail's projected budget for the next fiscal year. Types of costs are combined for easy comparison. For example, mandatory fringe costs are included in personnel costs. (Attached is the Taxicab Commission 2002-2003 Budget as entered into BPREP.)

	Current 2001-02	Projected 2002-03
Equipment Purchases	0	26,000
Rent/Contractual Services	127,000	271,000
Materials/Supplies/Overhead	31,000	57,000
Commission Personnel Costs	156,000	372,000
Police Personnel Costs	811,000	700,000
TOTAL	1,125,000	1,426,000

4. Is the Taxicab Commission already involved in the administration and issuance of taxicab permits?

The Taxicab Commission Office is in the beginning phase of assuming the responsibility for issuing and auditing permits. The Commission Office is lacking staff to fully take over these duties. Approval of the proposed ordinance will pay the salaries of the permit clerks and auditors necessary for the office to operate.

Currently, the Taxicab Commission Office staff consists of one 1424 Permit Clerk and myself, the Executive Director. Eventually, the Taxicab Commission Department will need a staff of approximately ten persons to process and audit the approximately 8,000 plus permits. The Taxicab Commission is working closely with the Police Department in the transition these responsibilities. The SFPD Taxicab Detail will assist in training the new staff.

5. Why did it take so long to enact Proposition D?

The Taxicab Commission was established in phases. In March 1999, seven Taxicab Commissioners were sworn-in and holding bi-weekly Taxicab Commission Meetings. Immediately, authority to grant permits was transferred from the Police Commission to the Taxicab Commission. The Taxicab Commission decided on all policy decisions, issuance of permits, and directed the SFPD Taxicab Detail.

Hiring an Executive Director was the second phase. As the Executive Director, I am charged with enacting Proposition D. My primary goal is to reorganize the duties and responsibilities related to the San Francisco Taxicab Industry. A budget reorganization plan will be submitted to the Board of Supervisors for fiscal year 2002/2003. The Taxicab Commission is proposing that the Taxicab Enforcement Fund, currently housed under the Police Department, be transferred to the independent department, the Taxicab Commission Office. The appropriate funds will be work ordered to the Police Department for criminal enforcement.

Approval of the proposed ordinance is essential for the final phase of enacting Proposition D. That is, hiring staff such as a Commission Secretary, Permit Clerks, and Auditor/Investigators. Once staff is in place, a full transition of duties from the Police Department will take place.

If you have any questions, please feel free to contact me at (415) 554-3940.

Sincerely,

Naomi Little
Executive Director

Cc: Supervisor Gavin Newsom, Cathy Garza

Item 8 - File 01-1716

Department: Airport

Item: Ordinance amending the San Francisco Police Code by amending Article 16, Section 1135(a) to allow taxicab drivers to collect a \$2.00 pass through fee from taxicab passengers when a trip fee is incurred at San Francisco International Airport.

Description: Currently, the Airport charges ground transportation trip fees to private ground transportation operators, including (a) taxis, (b) door-to-door vans, (c) limousines, (d) courtesy shuttle operators, such as hotel and parking lot shuttle operators, and (e) charter operators, who provide ground transportation services at the Airport. The trip fees paid by the ground transportation operators to the Airport are used to pay for a share of the costs of Airport capital improvements, and operations and maintenance costs directly attributable to ground transportation operations. For taxis, door-to-door vans, and limousines, the trip fee also includes the cost of the Airport Curbside Management Program (see Comment 2). The trip fee for courtesy shuttle and charter operators is \$1.65 per trip. The trip fee for limousine operators is \$2.75 and the trip fee for door-to-door vans and taxis is \$3.25. Limousines, door-to-door vans, courtesy shuttle operators, and charter operators are permitted to pass through the cost of the trip fee to their passengers. However, taxis, which are regulated by Article 16 of the Police Code, are not permitted to pass through the cost of the trip fee to their passengers without an amendment of the Police Code.

Approval of the proposed ordinance would amend Article 16, Section 1135 (a) of the Police Code to authorize the taxicab drivers to pass through \$2.00 of the \$3.25 Airport ground transportation fee to passengers.

Comments: 1. As shown in Attachment I, provided by the Airport, the Airport ground transportation trip fee was increased for all Airport ground transportation operators in calendar year 2000. The ground transportation fee for door-to door vans was increased by \$1.80, from \$1.45 per trip to \$3.25

per trip. The ground transportation fee for limousines was increased by \$1.30, from \$1.45 per trip to \$2.75 per trip. The ground transportation trip fee for courtesy shuttle and charter operators was increased by \$0.20, from \$1.45 per trip to \$1.65 per trip. The ground transportation fee for taxis was increased by \$0.50, from \$2.50 per trip to \$3.00 per trip. On January 1, 2001, the ground transportation trip fee for taxis increased by \$0.25, from \$3.00 to \$3.25 per trip.

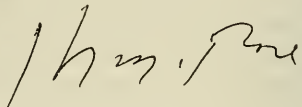
2. As shown in Attachment I, between 1999 and 2001, the rate of increase in the ground transportation fee for limousines, door-to-door vans and taxis, which ranged from \$0.75 (\$0.50 plus \$0.25) to \$1.80 per trip, was larger than the rate of increase of \$0.20 per trip for courtesy shuttle and charter operators, because limousines, door-to-door vans and taxis pay for a portion of the costs of the Curbside Management Program. The Curbside Management Program was implemented by the Airport in 1999 to coordinate ground transportation services at all Airport terminals.

3. According to Ms. Sgourakis, the Airport is recommending the proposed \$2.00 pass-through of the \$3.25 ground transportation fee charged by taxicab drivers to passengers because (a) Airport ground transportation operators, other than taxicab drivers, are permitted to pass-through such fees to the passengers, (b) a survey of 21 of the busiest U.S. airports (including San Francisco International Airport), of which 15 charge ground transportation trip fees, shows that at 12 of the 15 airports surveyed, or 80 percent, taxicabs pass through 100 percent of the ground transportation trip fees to the passengers (see Attachment II, provided by the Airport), (c) the taxicab drivers, and not the taxi companies, pay the \$3.25 ground transportation trip fees¹, and (d) the Board of Supervisors approved Resolution 435-01 on May 21, 2001, which urges the Airport Commission to recommend enactment of an ordinance that will allow a partial pass-through of the ground transportation trip fee by taxicab drivers to passengers.

¹ If the taxicab driver is the taxicab owner, then the taxicab owner pays the \$3.25 ground transportation trip fee.

Memo to Finance Committee
May 8, 2002 Finance Committee Meeting

Recommendation: Approval of this ordinance is a policy matter for the Board of Supervisors because Resolution 435-01, previously approved by the Board of Supervisors, did not state what amount of the ground transportation fee charged to taxicab drivers should be passed through to taxicab passengers.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
President Ammiano
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

Attachment I. Ground Transportation Trips Fees at SFO

	<u>1999</u>	<u>2000^a</u>	<u>2001^b</u>
Taxis	\$2.50	\$3.00	\$3.25
Door-to-Door Vans	\$1.45	\$3.25	\$3.25
Limousines	\$1.45	\$2.75	\$2.75
Courtesy Shuttles	\$1.45	\$1.65	\$1.65
Charter Buses	\$1.45	\$1.65	\$1.65

Notes:

- a. Taxi trip fee effective February 1, 2000; all other trip fees effective July 1, 2000. The trip fee increase for taxis, door-to-door vans and limousines was larger than that for courtesy shuttles and charter buses because these operators pay for a portion of the costs of the Curbside Management Program.
- b. Taxi trip fee effective January 1, 2001.

TAXI FEES

21 Busiest American Airports

(By # of Passengers)

CITY	TRIP FEE	PASSENGER PAYS	DRIVER PAYS
1. Atlanta	\$.50	-0-	\$.50
2. Chicago ^a	\$2.00	\$2.00	-0-
3. Los Angeles	\$2.50	\$2.50	-0-
4. Dallas/Ft. Worth	\$3.60	\$3.60	-0-
5. San Francisco	\$3.25	-0-	\$3.25
6. Denver	\$2.50	\$2.50	-0-
7. Las Vegas	\$1.20	\$1.20	-0-
8. Minneapolis ^b	*	-0-	*
9. Phoenix	\$1.00	\$1.00	-0-
10. Detroit	-0-	-0-	-0-
11. Houston ^c	\$2.75	\$2.75	-0-
12. Newark	-0-	-0-	-0-
13. Miami	\$1.00	\$1.00	-0-
14. New York/JFK	-0-	-0-	-0-
15. Orlando ^d	\$3.50	\$.50	\$2.50
16. St. Louis	-0-	-0-	-0-
17. Seattle	\$1.00	\$1.00	-0-
18. Boston	\$1.50	\$1.50	-0-
19. New York/LaGuardia	-0-	-0-	-0-
20. Philadelphia	\$1.50	\$1.50	-0-
21. Charlotte ^e	\$1.00	\$1.00	-0-

- Notes:
- a. In Chicago, driver pays \$2 when picking up. Passenger pays \$1 to airport and \$1 from airport.
 - b. In Minneapolis, cabs pay \$2450 per year for use of the airport.
 - c. In Houston and Charlotte, the fee is included in a flat-rate fare. In Houston, passengers also pay \$1.00 late night surcharge (\$pm - 6am).
 - d. In Orlando, cab company pays \$.50 of fee.

Sources: 21 Busiest U.S. airports obtained from Airports Council International web site, data for year 2000. Fee information obtained from airports and major cab companies (updated 3/2001 by SFO Governmental Affairs).



City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

Wednesday, May 15, 2002

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Tom Ammiano.

Supervisor Ammiano appointed himself to serve as a member of the Finance Committee.

MEETING CONVENED

The meeting convened at 12:33 p.m.

020764 [Reserved Funds, Department of Elections]

Hearing to consider release of reserved funds, Department of Elections, fiscal year 2001-02 budget, in the amount of \$203,663, to pay for the rental of vehicles for the March 2002 election. (Controller)

5/9/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Edward Harrington, Controller; John Bardin.

Release of reserved funds in the amount of \$203,663 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020144 [Establishing Trial Rates for City Owned Garages and Metered Parking Lots]

Resolution approving trial rates as proposed permanent parking rates, with adjustments, for the Civic Center Garage, the Ellis O'Farrell Garage, the 16th & Hoff Street Garage, the 324-8th Avenue Parking Lot (at 8th and Clement), the 330-9th Avenue Parking Lot (at 9th and Clement) and the 421-18th Avenue Parking Lot (at 18th and Geary) and the Performing Arts Garage. (Parking and Traffic Department)

2/6/02, RECEIVED AND ASSIGNED to Finance Committee.

2/27/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steven Lee, Parking Authority; Ronald Szeto, Parking Authority.

Continued to 3/20/02.

3/27/02, CONTINUED. Speakers: None.

Continued to 4/10/02,

4/10/02, CONTINUED. Heard in Committee. Speakers: Stephen Wally, Jewelry by Stephen; Ronald Szeto, Acting Director, Parking Authority; Theodore Lakey, Deputy City Attorney; Billie Bragman, Board of Ellis O'Farrell Garage; Paul Serigan.

Continued to 4/24/02.

4/24/02, CONTINUED. Speakers: None.

Continued to 5/15/02.

Heard in Committee. Speakers: Steven Lee, Parking Authority; Matthew Cohen.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020643 [Lease Purchase Financing for the Acquisition of a Parking Meter Management System]
Supervisor Ammiano**

Resolution approving the lease purchase financing for the acquisition of a parking meter management system for the Department of Parking and Traffic; approving the form of a lease purchase financing agreement between the Department of Parking and Traffic and a lender, authorizing the selection of a lender, and ratifying previous actions taken in connection therewith.

(Fiscal impact; Companion measure to Files 020494 and 020495.)
(Supervisor Daly dissenting in Committee)

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Nadia Sesay, Mayor's Office of Public Finance.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, Ammiano

Noes: 1 - Daly

**020191 [Supplemental Appropriation, Board of Supervisors]
Supervisor Daly**

Ordinance releasing Finance Committee reserves in the Planning Department for computer equipment, \$263,000, and \$500,000 for the Transbay Terminal Study, and reappropriating a total of \$500,000 from the Planning Department to the Board of Supervisors: \$263,000 for an environmental review of Board of Supervisors legislation, File No. 002108, ordinance amending Part II of the San Francisco Municipal Code (Planning Code) by amending Section 124 to eliminate floor area ratio limits for residential construction in certain C-3 Zoning Districts, amending Sections 215 and 216 to increase the maximum density ratio for dwelling units and group housing allowed in certain C and M Districts, and making a determination of consistency with the priority policies of Planning Code Section 101.1(B), and \$237,000 for the Transbay Joint Powers Authority for fiscal year 2001-02.

(Fiscal impact.)

2/4/02, RECEIVED AND ASSIGNED to Finance Committee.

2/11/02, SUBSTITUTED. Supervisor Daly submitted a substitute ordinance bearing new title.

2/11/02, ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director of Planning; Edward Harrington, Controller; Supervisor McGoldrick; Lois Scott, Planners' Chapter, Local 21; Jeremy Paul; Norman Rolfe, San Francisco Tomorrow; Bruce Balshone; Jon Twichell, Transportation Planning Manager, AC Transit; Michael Sweet; Ernestine Weiss; John Bardis; John Kennedy, Deputy City Attorney; Marie Iortay, Program Director for Cal Train Redevelopment Plan; David Hayward, Redevelopment Agency; Gloria Young, Clerk of the Board.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance releasing the \$500,000 Finance Committee Reserve for the Transbay Terminal Study and reappropriating the same from the Planning Department to the Board of Supervisors for fiscal year 2001-02.

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020145 [Reserved Funds, Planning Department]

Hearing to consider release of reserved funds, Planning Department (Fiscal Year 2001-2002 Budget), in the amount of \$263,000 for computer equipment needed by the Department. (Planning Department)

2/7/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director of Planning; Edward Harrington, Controller; Supervisor McGoldrick; Lois Scott, Planners' Chapter, Local 21; Jeremy Paul; Norman Rolfe, San Francisco Tomorrow; Bruce Balshone; Jon Twichell, Transportation Planning Manager, AC Transit; Michael Sweet; Ernestine Weiss; John Bardis; John Kennedy, Deputy City Attorney; Marie Iortay, Program Director for Cal Train Redevelopment Plan; David Hayward, Redevelopment Agency; Gloria Young, Clerk of the Board.

Release of reserved funds in the amount of \$263,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020473 [Reserved Funds, S.F. International Airport]

Hearing to request release of reserved funds, S.F. International Airport (Fiscal Year 2001-2002 Budget), in the amount of \$54,387,447, as partial reimbursements for funds expended on all contracts related to the development of data to be used in the preparation of the required EIR/EIS documents for the proposed runway project. (Airport Commission)

3/28/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Wade Crowfoot, Legislative Aide to Supervisor Peskin; John Kennedy, Deputy City Attorney; John Bardis; Edward Harrington, Controller.

Continued to 5/29/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

012027 [Appropriation - Airport Commission Airline Passenger Facility Charge (PFC2) Revenue]

Ordinance appropriating \$244,757,735 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on bonds issued for certain eligible costs associated with the development of the new international terminal complex, and the development and implementation of the precision runway monitoring system at the Airport Commission for fiscal year 2001-02, placing \$244,757,735 on reserve pending approval by the Federal Aviation Administration of the Passenger Facility Charge (PFC2). (Controller)

(Fiscal impact.)

12/3/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Wade Crowfoot, Legislative Aide to Supervisor Peskin; John Kennedy, Deputy City Attorney; John Bardis; Edward Harrington, Controller.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating \$224,034,821 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on bonds issued for certain eligible costs associated with the development of the new international terminal complex, and the development and implementation of the precision runway monitoring system at the Airport Commission for fiscal year 2001-02. (Controller)

(Fiscal impact.)

Continued to 5/29/02.

CONTINUED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020490 [Gift - South (Murphy) Windmill in Golden Gate Park]
Supervisors McGoldrick, Hall, Sandoval, Newsom, Maxwell**

Ordinance authorizing the Recreation and Park Department to negotiate and enter into sole-source contracts with Lucas Verbij, Hoogmade/BV, Netherlands, and Mark De Jong, Bloemendal Construction Company, San Francisco for restoration of the South (Murphy) Windmill in Golden Gate Park and accepting a gift of funds from the Campaign to Save the Golden Gate Park Windmills.

(Fiscal impact.)

3/25/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kathryn How, Recreation and Park Department; Don Propster, Chair, Campaign to Save Golden Gate Park Windmill; Supervisor McGoldrick.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, Ammiano

Absent: 1 - Daly

020635 [Lease of Property]

Resolution authorizing the lease of real property at 945 Bryant Street, San Francisco, California, for the Department of Human Services. (Real Estate Department)

(Fiscal impact; District 6.)

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee.

Amended on page 1, line 3, by replacing "Human Services" with "Public Library."

AMENDED.

Resolution authorizing the lease of real property at 945 Bryant Street, San Francisco, California, for the Public Library. (Real Estate Department)

(Fiscal impact; District 6.)

Heard in Committee. Speakers: John Kennedy, Deputy City Attorney; Susan Hildreth, City Librarian; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department.

Continued to 5/22/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

- 020665 [Conveyance of Water Pipeline Easement in Exchange for 2.5 Acres in San Mateo County]
Resolution approving and authorizing the conveyance of a water pipeline easement in exchange for approximately 2.5 acres in San Mateo County; adopting findings that the exchange is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution. (Real Estate Department)

(Public Benefit Recipient)

4/30/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

ADJOURNMENT

The meeting adjourned at 3:02 p.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 9, 2002

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

MAY 14 2002

SUBJECT: May 15, 2002 Finance Committee Meeting

SAN FRANCISCO
PUBLIC LIBRARY

Item 2 - File 02-0144

Note: This item was continued by the Finance Committee at its meeting of April 24, 2002.

Department: Department of Parking and Traffic (DPT)
Parking Authority

Item: Resolution approving parking rates at the following seven City-owned parking facilities: the Civic Center Garage, the Ellis O'Farrell Garage, the 16th and Hoff Street Garage, the Performing Arts Garage, the 324 8th Avenue Parking Lot (at 8th and Clement), the 330 9th Avenue Parking Lot (at 9th and Clement), and the 421 18th Avenue Parking Lot (at 18th and Geary).

Description: In accordance with Section 17.14 of the Administrative Code, the Parking and Traffic Commission can establish parking rates at City-owned parking facilities on a trial basis for a period of up to 360 days, without first obtaining approval of the Board of Supervisors. The Parking and Traffic Commission has oversight responsibility of 40 City-owned parking facilities, of which 19 are parking garages and 21 are metered parking facilities. This responsibility includes recommending permanent parking rates to be charged at these parking

facilities, which are subject to approval, by the Board of Supervisors.

The proposed resolution would adopt permanent parking rates recommended by the Parking and Traffic Commission at the seven City-owned parking facilities identified above, generally at the same rates which had been implemented by the DPT on a trial basis. A comparison of the proposed subject recommended permanent parking rates to both the original parking rates previously approved by the Board of Supervisors and to the trial parking rates established by the Parking and Traffic Commission, is shown in Attachment I, provided by Mr. Steven Lee of the Parking Authority. Attachment II, provided by Mr. Lee, explains the adjustments between the previously established trial parking rates and the proposed subject permanent parking rates at the seven City-owned parking facilities.

According to Mr. Lee, the existing parking rates for the seven subject City-owned parking facilities were implemented by the DPT on a trial basis as follows:

Garage	Trial Period Start Date	360-day Expiration Date
Civic Center Garage	September 1, 2001	August 26, 2002
Ellis O'Farrell Garage	March 1, 2001	February 26, 2002
16 th and Hoff Street Garage	March 1, 2001; December 1, 2001	February 26, 2002; November 26, 2002*
Performing Arts Garage	October 1, 2001	September 25, 2002
324 8 th Avenue Parking Lot	August 14, 2001	August 9, 2002
330 9 th Avenue Parking Lot	August 14, 2001	August 9, 2002
421 18 th Avenue Parking Lot	August 14, 2001	August 9, 2002

*According to Mr. Lee, trial valet parking rates were implemented on March 1, 2001 and increased long-term valet parking rates were implemented on December 1, 2001 for the 16th and Hoff Street Garage.

According to Mr. Lee, the DPT implemented the parking rates on a trial basis to meet the Department's objectives to reduce traffic, promote short-term transient parking, discourage low-occupancy commuter parking and increase revenues in City-owned parking facilities.

As shown in Attachment III, provided by Mr. Lee, the subject seven City-owned parking facilities currently have a total parking space capacity of approximately 2,600 parking spaces. According to Mr. Lee, the 2,600 parking spaces accommodate both approximately 968 monthly parking patrons and approximately 101,500 transient parking patrons per month.

Comments:

1. Attachment III, also contains projected parking revenues for FY 2001-2002 and for FY 2002-2003 for the subject seven City-owned parking facilities. As shown in Attachment III, Mr. Lee estimates that the proposed permanent parking rates for all seven City-owned parking facilities will generate estimated total gross parking receipts of \$8,643,600 in FY 2001-2002 or \$76,038 more than the actual parking receipts of \$8,567,562 collected in FY 2000-2001. Also shown in Attachment III, Mr. Lee estimates that the proposed permanent parking rates for all seven parking facilities will generate estimated total parking receipts of \$8,881,000 in FY 2002-2003 or \$313,438 more than the actual parking receipts of \$8,567,562 collected in FY 2000-2001. According to Mr. Lee, the projected total parking receipts for the Civic Center Garage for FY 2001-2002 and the projected total parking receipts for the Ellis O'Farrell Garage were both affected by the events of September 11, 2001.

2. In Attachment II Mr. Lee explains the valet transient parking rates at the 16th and Hoff Street Garage.

3. Mr. Lee advises that trial monthly carpool rates at the Ellis O'Farrell Garage and the 16th and Hoff Street Garage, as shown in Attachment I, were designed to encourage carpooling and to open up more parking spaces for increased short term parking. To qualify for the carpool rate there must be three or more occupants in the vehicle. According to Mr. Lee, the "Re-opening Garage Fee" rates listed in Attachment I do not accrue to the City but rather accrue to the garage operators.

Recommendation:

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

CIVIC CENTER GARAGE

	Original Parking Rates	Trail Parking Rates	Proposed Permanent Parking Rates
<u>Transient Parking</u>			
<u>Day Rates (Opening until 7:00 pm)</u>			
0.0 - 1.0 Hour	1.50	1.50	1.50
1.0 - 2.0 Hours	3.00	3.00	3.00
2.0 - 3.0 Hours	4.50	4.50	4.50
3.0 - 4.0 Hours	6.00	6.00	6.00
4.0 - 5.0 Hours	8.00	8.00	8.00
5.0 - 6.0 Hours	10.00	10.00	10.00
6.0 - 7.0 Hours	12.00	12.00	12.00
Lost Ticket	18.00	18.00	18.00
Special Event	8.00	9.50	9.50
Motorcycle	1.00	1.00	1.00
Student	5.00	5.00	5.00
Bicycle	Free	Free	Free
Berkeley Repertory Theatre/Bart	N/A	4.00	4.00
Overnight Flat Rate	N/A	2.00	2.00
Overnight Flat Rate Hours	(9:00 PM to 9:00 AM Mon through Fri) (9:00 PM to 12:00 PM Sat and Sun)		
<u>Evening Rates (7:00 pm until Closing)</u>			
0.0 - 1.0 Hour	1.50	1.50	1.50
1.0 - 2.0 Hours	3.00	3.00	3.00
2.0 - 3.0 Hours	4.50	4.50	4.50
3.0 - 4.0 Hours	6.00	6.00	6.00
<u>Monthly Parking</u>			
Regular	156.25	156.25	156.25
Resident	90.00	90.00	90.00
Motorcycle	25.00	25.00	25.00
Government	125.00	125.00	125.00
City Departments	75.00	75.00	75.00
Carpool	75.00	75.00	75.00
Restricted	N/A	75.00	75.00
Restricted - (No Parking between 9:00 AM to 6:00 PM Monday through Friday)			
<u>Miscellaneous Charges</u>			
Late Monthly Payments	25.00	25.00	25.00
Lost Access Card	25.00	25.00	25.00
Damaged Access Card	25.00	25.00	25.00
Access Card Deposit	50.00	50.00	50.00
Re-opening Garage Fee	50.00	50.00	50.00

ELLIS O'FARRELL GARAGE

	Original Parking Rates	Trial Parking Rates	Proposed Permanent Parking Rates
<u>Transient Parking</u>			
<u>Mon.-Sat. Day Rates (5:30 am to 6:00 pm)</u>			
0.0 - 1.0 Hour	1.00	2.00	2.00
1.0 - 2.0 Hours	3.00	3.00	3.00
2.0 - 3.0 Hours	5.00	4.00	4.00
3.0 - 4.0 Hours	7.00	6.00	6.00
4.0 - 5.0 Hours	9.00	9.00	9.00
5.0 - 6.0 Hours	12.00	12.00	12.00
6.0 - 7.0 Hours	15.00	15.00	15.00
Over 7 Hours	15.00	20.00	20.00
Maximum Mon.-Sat. Day Rate	15.00	20.00	20.00
Motorcycle Flat Fee	3.00	3.00	3.00
<u>Sunday Day Rates (5:30 am to 6:00 pm)</u>			
0.0 - 1.0 Hour	1.00	1.00	2.00
1.0 - 2.0 Hours	3.00	2.00	3.00
2.0 - 3.0 Hours	5.00	3.00	4.00
3.0 - 4.0 Hours		4.00	6.00
4.0 - 5.0 Hours		5.00	
Maximum Sunday Day Rate	5.00	5.00	6.00
<u>Evening Rates (every night 6:00 pm until closing)</u>			
0.0 - 1.0 Hour	1.00	1.00	1.00
1.0 - 2.0 Hours	3.00	2.00	2.00
2.0 - 3.0 Hours	5.00	3.00	3.00
3.0 - 4.0 Hours		4.00	4.00
4.0 - 5.0 Hours		5.00	5.00
Maximum Evening Rate	5.00	5.00	5.00
<u>Lost Ticket and 24 Hour Maximum</u>			
Monday through Saturday	20.00	25.00	25.00
Sunday	10.00	10.00	11.00
<u>Monthly Parking</u>			
Regular	195.00	250.00	250.00
Carpool	N/A	125.00	125.00
<u>Miscellaneous Charges</u>			
Late Monthly Payments	N/A	25.00	25.00
Lost Access Card	25.00	25.00	25.00
Damaged Access Card	N/A	25.00	25.00
Access Card Deposit	25.00	50.00	50.00
Re-opening Garage Fee	N/A	50.00	50.00

16th and Hall Street Gates

	Original Parking Rate	Trial Parking Rates	Trial Parking Rates	Proposed Permanent Parking Rates
<u>Transient Parking</u>				
Metered each 30 minutes	0.25			
Transient Vehicles Self-Park (2 hour limit) (Enforced 9:00 am to 6:00 pm)				

Flat Rate (opening until 6:00 pm)

Flat Rate (6:00 pm until closing)

Transient Vehicles - Valet Parking Only

2.00

4.00

All Day RatesTransient Vehicles - Valet Parking Only

0.0 - 1.0 Hour

1.0 - 2.0 Hours

2.0 - 3.0 Hours

3.0 - 4.0 Hours

4.0 - 5.0 Hours

5.0 - 6.0 Hours

6.0 - 7.0 Hours

7.0 - 24 Hours

2.00

2.00

2.00

3.00

4.50

6.00

8.00

12.00

Day Rates (opening until 6:00 pm)Transient Vehicles - Valet Parking Only

0.0 - 1.0 Hour

1.0 - 2.0 Hours

2.0 - 3.0 Hours

3.0 - 4.0 Hours

4.0 - 5.0 Hours

1.00

2.00

3.00

4.00

6.00

Evening Rates (6:00 pm until closing)Transient Vehicles - Valet Parking Only

0.0 - 1.0 Hour

1.0 - 2.0 Hours

2.0 - 3.0 Hours

24 Hour maximum

2.00

4.00

6.00

12.00

Lost Tickets:

N/A

6.00

12.00

12.00

Monthly Parking

Regular

Carpool

Monthly Patrons Self-Park on Roof Level

75.00

N/A

75.00

N/A

75.00

50.00

100.00

50.00

Miscellaneous Charges

Late Monthly Payments

Lost Access Card

Damaged Access Card

Access Card Deposit

Re-opening Fee

25.00

25.00

25.00

50.00

50.00

PERFORMING ARTS GARAGE

	Original Parking Rates	Trial Parking Rates	Proposed Permanent Parking Rates
<u>Transient Parking</u>			
0.0 - 1.0 Hour	1.50	1.50	1.50
1.0 - 2.0 Hours	3.00	3.00	3.00
2.0 - 3.0 Hours	4.50	4.50	4.50
3.0 - 4.0 Hours	6.00	6.00	6.00
4.0 - 5.0 Hours	8.00	8.00	8.00
5.0 - 6.0 Hours	10.00	10.00	10.00
6.0 - 7.0 Hours	12.00	12.00	12.00
24 Hour Maximum	15.00	14.00	14.00
Lost Ticket	15.00	15.00	14.00
Early Bird	7.00	7.00	7.00
Motorcycle	2.00	2.00	2.00
Special Event	8.00	9.50	9.50
Overnight Flat Rate	3.00	2.00	2.00
Overnight Flat Rate Hours			
Must enter before closing and remain overnight.	(From closing until 9:00 am)	(From 9:00 PM until 12 noon next day the garage is open for business)	
<u>Monthly Parking</u>			
Regular	140.00	140.00	140.00
City Departments	75.00	75.00	75.00
Carpool	75.00	75.00	75.00
<u>Miscellaneous Charges</u>			
Late Monthly Payments	25.00	25.00	25.00
Lost Access Card	25.00	25.00	25.00
Damaged Access Card	25.00	25.00	25.00
Access Card Deposit	50.00	50.00	50.00
Re-opening Garage Fee	50.00	50.00	50.00

Metered Parking Lots

324 11th Avenue Lot
Days of Operation
Hours of Operation
Rate: Automobile

Original
Monday thru Saturday
9:00 AM to 6:00 PM
\$0.50 per hour (2 hour time limit)

Trinal & Proposed Permanent
Daily (including Sundays and Holidays)
9:00 AM to 12:00 Midnight
\$0.50 per hour (2 hour time limit)

330 9th Avenue Lot
Days of Operation
Hours of Operation
Rate: Automobile

Monday thru Saturday
9:00 AM to 6:00 PM
\$0.50 per hour (2 hour time limit)

Daily (including Sundays and Holidays)
9:00 AM to 12:00 Midnight
\$0.50 per hour (2 hour time limit)

321 11th Avenue Lot
Days of Operation
Hours of Operation
Rate: Automobile

Monday thru Saturday
9:00 AM to 6:00 PM
\$0.50 per hour (2 hour time limit)

Daily (including Sundays and Holidays)
9:00 AM to 12:00 Midnight
\$0.50 per hour
(1-Hour time limit 9 AM to 6 PM)
(2-Hour time limit 6 PM to 12 AM)



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR
RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: February 20, 2002

TO: Maureen Singleton
Budget Analyst Office

FROM: Steven Lee *SL*
Principal Analyst
Parking Authority

SUBJECT: File No. 02-0144, Resolution Approving Trail Rates as Permanent Rates at Various City Garages and Metered Parking Lots

The purpose of this memorandum is to address your questions regarding the operations of the 16th & Hoff Street Garage, the Revenues Projections for FY 2000-2003 and the differences between the Trail Rates and the Proposed Permanent Parking Rates.

The St. Mary's Square Garage and the 16th and Hoff Street Garage is jointly operated under one Management Agreement, dated October 1, 1997, between Parking Concepts, Inc./DAJA, Inc. and the City. The Management Agreement also required the operator to manage the 16th & Hoff Street Garage which at that time was a self-park metered per stall facility with controlled monthly parking on the roof level that only required the operator to provide a security presence.

In February 2001, after meeting with the Mission District Community, in October 2000, to discuss their concerns regarding quality of life issues that included off-street parking, we removed the parking meters and requested the operator to begin valet attendant operations at the 16th & Hoff Street Garage to increase parking availability that commenced on March 1, 2001. Under the terms of the Management Agreement, the cost of valet attended operation from March 1, 2001 through December 2001 is \$148,992 for the additional services. The Total Parking Receipts (including Parking Tax) of \$167,925 from March 1, 2001 through December 1, 2001 covers the expenses by \$18,933. However, the 16th & Hoff Street Garage generated \$43,890 in the prior year for the same ten months before implementing valet attendant services.

File No. 02-0144
February 20, 2002
Page 2 of 2

We feel that the services provided to the community by the 16th & Hoff Street Garage greatly improves the quality of life for the residents, merchants and visitors of that neighborhood and that this program is worthy of continuing despite the initial reduction in revenue to the City.

In regard to the comparison of FY 2000-2001 Actual to the FY 2001-2002 Projected and the FY 2002-2003 Projected Parking Receipts, we project an increase of \$76,038 or 9/10th of a percent for FY 2001-2002 compared to FY 2000-2001 Actual. We project that FY 2002-2003 will be above the FY 2001-2002 by \$237,400 or 2.7 percent.

Differences between Trial Rates and Proposed Permanent Parking Rates:

Performing Arts Garage – Lost Ticket from \$15.00 to \$14.00. The Lost Ticket Rate should equal the 7.0-Hour Rate of \$12.00 plus the Overnight Flat Rate of \$2.00.

Civic Center Garage – No Difference.

Ellis O'Farrell Garage – We propose adjusting the Sunday Day Rates to reflect the Mon.-Sat. Day Rates with a Maximum Sunday Day Rate of \$6.00. The Lost Ticket and 24-Hour Maximum of \$11.00 for Sundays reflect the Maximum Sunday Day Rate of \$6.00 plus the Maximum Evening Rate of \$5.00.

16th & Hoff Street Garage – We propose to discontinue the All Day Rates and implement Day Rates and Evening Rates to balance the needs of the community and the demand for parking at the garage. The initial Trial Rates attracted too many long-term patrons and the second Trial Rates caused the garage to be underutilized because the patrons are either unwilling or could not afford to pay the rates. Please note that all Transient vehicles are valet parked and Monthly patrons self-park on the roof level.

Metered Parking Lots – No Difference.

Please do not hesitate to call me at 554-9869 if you have any questions or concerns.

DATE ADJUSTMENT COMPARISON

Garage / Lot	Effective Date of Ratio Adjustment	Current Months of Comparison with same Months of Prior Year		Total Parking Receipts Prior		Total Parking Receipts Current		Total Parking Receipts Difference		Transient Count Prior		Transient Count Current		Transient Count Difference		Monthly Count Prior		Monthly Count Current		Monthly Count Difference	
		Year	Year																		
Chic Center	September 1, 2001	Sept. 01 thru Dec. 01	Sept. 01 thru Dec. 01	000,000		026,050		(135,210)		130,400		126,230		(3,200)		1,501		1,077		116	
Edis O'Farrell	March 1, 2001	Mar. 01 thru Dec. 01	Mar. 01 thru Dec. 01	3,444,016		3,422,406		(20,000)		053,078		000,108		27,110		1,512		1,753		101	
10th & 11th Street	December 1, 2001	Dec. 01	Dec. 01	43,080		162,646		100,056		N/A		30,243		N/A		304		510		102	
Parkland Ave	October 1, 2001	Oct. 01 thru Dec. 01	Oct. 01 thru Dec. 01	5,724		16,377		8,053		N/A		3,100		N/A		48		64		15	
324 8th Avenue Lot	August 14, 2001	Aug. 14 thru Dec. 01	Aug. 14 thru Dec. 01	450,825		640,233		0,131		40,921		40,702		2,001		927		100		31	
330 8th Avenue Lot	August 14, 2001	Aug. 14 thru Dec. 01	Aug. 14 thru Dec. 01	5,951		10,080		805		N/A		N/A		N/A		N/A		N/A		N/A	
421 10th Avenue Lot	August 14, 2001	Aug. 14 thru Dec. 01	Aug. 14 thru Dec. 01	7,403		7,022		1,071		N/A		N/A		N/A		N/A		N/A		N/A	
Totals				\$ 4,871,697		\$ 4,900,309		\$ 01,402		\$ 030,400		\$ 007,550		\$ 24,111		\$ 4,393		\$ 5,020		\$ 535	

FY 2000 - 2001 AC TUALS AND FY 2001 - 2003 PROJECTIONS

Garage / Lot	FY 2000-2001		FY 2001-2002		FY 2002-2003		Garage/Lot Parking Space Capacity
	Actual	Projected	Actual	Projected	Projected	Projected	
Chic Center	2,700,707	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	643		
Edis O'Farrell	4,205,898	4,003,000	4,250,000	4,250,000	950		
10th & 11th Street	100,848	207,000	252,000	252,000	98		
Parkland Ave	1,401,225	1,700,000	1,700,000	1,700,000	016		
324 8th Avenue Lot	27,997	30,000	31,500	31,500	31		
330 8th Avenue Lot	17,707	10,000	19,000	19,000	20		
421 10th Avenue Lot	21,870	27,000	28,500	28,500	34		
Totals	\$ 0,507,602	\$ 6,043,000	\$ 6,061,000	\$ 6,061,000	2,000		

Note: Parking Taxes are not applicable of National Parking Lots.
Parking Taxes are included in Total Parking Receipts for Parking Garages.



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

DATE: March 7, 2002

TO: Maureen Singleton, Analyst
Budget Analyst's Office

FROM: Ronald Szeto, Acting Director *RS*
Parking Authority

RE: Trial Parking Rates File No. 02-0144

The purpose of this memorandum is to provide a status update on the 121 O'Farrell Street ground floor commercial space per your request. This request was initiated at the February 27, 2002 Finance Committee meeting of the San Francisco Board of Supervisors in conjunction with consideration of trial parking rates at the Ellis O'Farrell Garage (File No. 02-0144).

It is important to note that the parking rates being considered are only applicable to our parking patrons and have no relationship to the ground floor commercial space lease in question.

Pursuant to the 1992 Lease between the City and County of San Francisco and the City of San Francisco Ellis-O'Farrell Parking Corporation (the "Corporation"), the Corporation is authorized to lease commercial spaces within the Ellis-O'Farrell Garage (the "Garage").

At the February 5, 2002 Parking and Traffic Commission meeting, Mr. Jerome Garchik, attorney representing 15-20 small business owners of the 121 O'Farrell site (subsequently known as 121 O'Farrell Merchants Association "Merchants"), reported that his clients are getting evicted. Mr. Garchik further states that the Corporation is seeking "dot com" boom or rent increases and is looking for a high profile tenant. Mr. Steven Wally, owner of Jewelry By Steven since 1984 at the 121 O'Farrell site, also commented at the meeting. Mr. Wally asked the Parking and Traffic Commission to provide some assistance to the Merchants from being evicted. The Department of Parking and Traffic offered to review the situation and provide assistance to the small business owner.

Maureen Singleton
3-7-02

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Findings

- The Corporation has a lease agreement with Wholesale Jeweler's Exchange, LLC. ("WJE") for the 121 O'Farrell commercial space (4,483 square feet). The WJE sub-leases the commercial space to the Merchants.
- On May 1, 2000, the Corporation and WJE agreed to amend the original 1997 lease to terminate said lease on May 31, 2001. Thereafter, the lease was amended to a month-to-month basis with either party having the right to terminate with 60-days written notice. Subsequently, on December 24, 2001, WJE gave termination notices to the Corporation and to the Merchants effective February 28, 2002. In addition, WJE gave at least three (3) other updates/notices to the Merchants regarding the termination of the lease. (Attached are the Notices)
- Corporation, in preparation of renting the 121 O'Farrell commercial space, started a solicitation process for an exclusive broker.
- At the Corporation's June 28, 2000 meeting, the Corporation selected Blatteis Realty to advertise the commercial space and subsequently executed a 6-month listing agreement commencing September 5, 2000.
- Blatteis advertised the commercial space and in October 2000, posted "For Lease" signs above the main entrance of the commercial space.
- Some of the small business owners of the 121 O'Farrell space started searching for a new business location.
- In February 2001, the Parking Corporation granted Blatteis an extension to the listing agreement until September 5, 2001.
- In September 2001, the tenant of the 133 O'Farrell commercial space (1,127 square feet) was evicted for non-payment of rent and the 133 O'Farrell site became available.
- In September 2001, Blatteis identified Saab Cars USA, Inc. as the only interested party, with sufficient funding, for the 121 O'Farrell site. Since then the Parking Corporation has been in a good faith negotiation with Saab. Although there are not any explicit non-interference clause, the good faith negotiation implies that the Corporation and Saab would negotiate until a conclusion is reached.
- On October 15, 2001, subject to the Saab good faith negotiations, the Corporation executed a listing agreement with a new broker, DiChiera & Wright Realty Services for the marketing of both the 121 and 133 O'Farrell sites.

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Page 3 of 4

- On October 17, 2001 Board of Directors meeting, the broker presented eight offers (of which three were made by 121 O'Farrell small business owners). In November 2001, the Corporation executed a ten (10) year lease, commencing on January 1, 2002, for the 133 O'Farrell site with a partnership comprised of an established outside jeweler and one of the small business owners of the 121 O'Farrell site. The small business is and still will continue to sub-lease space from WJE until the build-out of the 133 O'Farrell site is completed (until March 31, 2002). The small business owner reported that several other merchants verbally agreed to rent a portion of the 133 O'Farrell site.
- On December 24, 2001, as mentioned above, WJE served notice of termination (effective February 28, 2002) to the Merchants for the 121 O'Farrell site.
- On February 5, 2002 Parking and Traffic Commission meeting, representative of the small business owners commented that they were being evicted from a public property without proper notice and asked the Parking and Traffic Commission for assistance.

Options

- What appears as a straightforward request by the Merchants became very complicated as we began our assistance.
- There are seven (7) separate parties involved in these two commercial spaces. The City, the Corporation, WJE, the Merchants, the brokers, Saab, and the partners of the 133 O'Farrell site.
- The City and the Corporation do not have legal authorization to dictate terms and condition involving the contractual relationship between WJE and the Merchants.
- If the City directs the Corporation to terminate their good faith negotiations with Saab and conduct exclusive negotiations with the Merchants, then the City would be interfering in a contractual relationship and together with the Corporation could be liable for all costs incurred by Saab and brokers. Also, the City maybe liable for damages to the partners of the 133 O'Farrell site. Furthermore, the City would reward tenants who failed to act responsibly in seeking new business locations and would punish the 133 O'Farrell partners merchants who did act responsibly in moving into the 133 O'Farrell site. If the City decides to pursue this option, the Department of Parking and Traffic recommends that the Merchants shall indemnify the City and the Corporation, and that the Merchants shall be fully responsible for any and all subsequent liability, including but not limited to, damages mentioned above.

Maurzen Singleton

3-7-02

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In addition, the Merchants shall secure proper insurance and bonds to fulfill the indemnification requirement.

- Since the lease agreement with WJE would have expired on February 23, 2002, the Department of Parking and Traffic encouraged the Corporation and WJE to extend the lease agreement for 60-90 days. The Corporation through WJE proposed a 90-day extension for the Merchants under the same terms and conditions.
- The Merchants are urged to use this time to explore any and all options. The Department of Parking and Traffic suggests that the Merchants contact the Fish and Mission Garage for available commercial spaces as another option.
- If the City allows the Corporation to continue their good faith negotiations with Saab, the City would not be liable for any potential damages. The Merchants would have at least 90 days to explore other options. Since the market conditions are favorable to renters, the Merchants may find a better location at a reasonable rent. The partners of 133 O'Farrell would continue to conduct business as usual from the 121 or 133 O'Farrell sites. If the good faith negotiations with Saab were to break off naturally, then the Merchants will have a second opportunity to participate for this site in a competitive process.

Cc: Fred Hamdun, Executive Director, DPT
Diana Hammons, DPT
Daniel Hwang, Small Business
Richard Dole, Ellis-O'Farrell Corporation
Honorable Members, Parking and Traffic Commission
Honorable Members, Board of Supervisors

Re: PARKING Rates memo to M. Singleton re 121 O'Farrell (EO). Joe

Item 3 - File 02-0643

Departments: Parking and Traffic (DPT)
 Mayor's Office of Public Finance

Item: Resolution (a) authorizing and approving the form of a lease purchase financing agreement to be awarded by the Department of Parking and Traffic to a lender for financing the acquisition of new electronic parking meters, and (b) ratifying previous actions taken in connection therewith.

Description: On May 6, 2002, the Board of Supervisors considered a five year parking meter management agreement between the City and Serco Management Services, Inc. (Serco) for (1) the purchase and installation of 25,250 electronic meters, revenue collection services and coin counting services (File 02-0494), and (2) the related "Proposition J" certification that revenue collection services and coin counting services could be provided by a private contractor at a lower cost than if the work were performed by City employees (File 02-0495). The Board will again consider these two proposed resolutions at their May 13, 2002 meeting.

Approval of this proposed resolution would authorize a lease purchase financing agreement between the DPT and a lender to be selected through a competitive bid process to finance the estimated cost of \$27,894,691 for software and hardware engineering services, including software design, development, the acquisition and installation of 25,250 new electronic parking meters.

Ms. Julia Dawson of DPT reports that the industry standard for the useful life of electronic parking meters is seven years. Therefore, according to Ms. Nadia Sesay of the Mayor's Office of Public Finance, the lease purchase financing agreement term would be up to seven years, in accordance with relevant Federal Tax and State law. Attachment I, provided by the Mayor's Office of Public Finance, is an estimated debt service schedule based on a

principal amount of \$27,895,000¹ with a fixed interest rate of 5.5 percent per annum.

Ms. Sesay reports that the DPT intends to award a contract to a lender through a competitive bid process based on the lowest interest rate offered by the lender. According to Ms. Sesay, the DPT, the City Attorney's Office, the Mayor's Office of Public Finance and the Purchasing Division will evaluate the bids received from lenders and award the lease financing agreement to the lender charging the lowest interest rate. The lender selected is required to be in compliance with the City's Equal Benefits Ordinance and all other applicable City laws. According to Ms. Theresa Alvarez of the City Attorney's Office, this resolution authorizes the DPT to award a contract to a lender for financing the acquisition of the new electronic parking meters.

Under this lease purchase financing agreement, the selected lender would pay Serco a total of \$27,894,691 for the equipment, software and installation services. The City's lease finance debt would then be retired through semi-annual lease purchase payments appropriated in DPT's future annual budgets from parking meter revenues deposited to the Off-Street Parking Fund. Such appropriations would be subject to appropriation approval by the Board of Supervisors.

As shown in the attached debt service schedule (Attachment I), the DPT would be required to make 14 payments of \$2,427,550.28 each over the seven year term of the proposed financing agreement, for a total payment of \$33,985,703.92 including \$27,895,000.02 in principal and \$6,090,703.90 in interest. Ms. Dawson states that the source of the initial lease purchase payment of \$2,427,550.28 to be paid under the proposed seven-year financing agreement is parking meter revenues to be included in the DPT's FY 2002-2003 budget. For the six year period from FY 2003-2004 through FY 2008-2009, annual lease purchase payments of \$4,855,100.56,

¹ Although under the parking meter management agreement the City would be obligated to pay Serco \$27,894,691 for the purchase and installation of the electronic parking meter equipment and software, the Mayor's Office of Public Finance has based its financing analysis on a loan of \$27,895,000.

consisting of two biannual payments of \$2,427,550.28 each, would be included in DPT's annual budgets. In FY 2009-2010, DPT's annual budget would include the final lease purchase payment of \$2,427,550.28 for a total payment of \$33,985,703.92. All payments would be subject to appropriation approval by the Board of Supervisors. According to Ms. Sesay, there would be no penalty for early repayment.

According to Ms. Dawson, it is anticipated that the total estimated cost of \$33,985,703.92 of the proposed lease financing agreement would be covered by annual increased parking meter revenues of \$5,922,000, as currently projected by DPT and certified by the Controller.

Comments:

1. The Budget Analyst notes that in Attachment II, prepared by the DPT, the General Fund support to the Off-Street Parking Fund is estimated to increase from \$1,168,298 in FY 2002-2003, the first fiscal year to include a payment for the proposed lease financing agreement to \$2,211,134 in FY 2008-2009. However, the General Fund support to the Off-Street Parking Fund is estimated to decrease from \$2,211,134 in FY 2008-2009 to \$19,010 in FY 2009-2010, the last fiscal year to include a payment for the proposed lease financing agreement, due to the fact that there would only be one lease financing payment in FY 2009-2010 as opposed to two payments in the preceeding six year period FY 2003-2004 through FY 2008-2009. According to Ms. Dawson, if the projected increase in annual parking meter revenues exceeds \$5,922,000, then the General Fund support to the Off-Street Parking Fund would further decrease by the amount of the additional increase in parking meter revenues.

2. In our review of this proposed resolution, the Budget Analyst found that the annual lease financing payments submitted by DPT to the Budget Analyst during the analysis of the parking meter management agreement (File 02-0494) differed from the amounts submitted by the Mayor's Office of Public Finance for the purpose of this report on the proposed lease financing agreement. Further, the DPT did not include in its analysis the final

payment to be made in FY 2009-2010 under the proposed lease financing agreement. In her attached memorandum (Attachment III), Ms. Dawson states that "...we did not notice that we had accidentally omitted one finance payment from the financial projections. We have corrected this oversight and submitted revised projections at your request."

3. According to Ms. Alvarez, although the proposed resolution includes a provision to ratify previous actions taken in connection with the proposed lease purchase financing agreement, Ms. Alvarez is not aware of any such actions that have been taken.

Recommendation:

Because the related electronic parking meter resolutions, Files 02-0494 and 02-0495, are to be considered by the Board of Supervisors at their May 13, 2002 meeting, the Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors. However, if the Board of Supervisors approves Files 02-0494 and 02-0495, the Budget Analyst recommends approval of this proposed resolution.

City and County of San Francisco
Department of Parking and Traffic

Cost of Funds	Payment Rate	14 Payments	Level Payment	Closing Fees
\$27,675,000.00	5.50%	2 per year	\$2,427,550.28	\$0.00
		5.50%		

PMT	Total Payment Due	Interest Payment Due	Principal Payment Due	After Payment Principal Balance	After Payment Termination Value
	\$0.00			\$27,895,000.00	
1	\$2,427,550.28	\$767,112.50	\$1,660,437.78	\$26,234,562.22	\$26,662,233.74
2	\$2,427,550.28	\$721,450.46	\$1,706,099.82	\$24,528,462.40	\$24,901,239.31
3	\$2,427,550.28	\$674,532.72	\$1,753,017.56	\$22,775,444.84	\$23,096,220.01
4	\$2,427,550.28	\$626,324.73	\$1,801,225.55	\$20,974,219.29	\$21,246,075.23
5	\$2,427,550.28	\$576,791.03	\$1,850,759.25	\$19,123,460.04	\$19,349,676.84
6	\$2,427,550.28	\$525,895.15	\$1,901,655.13	\$17,221,804.91	\$17,405,868.48
7	\$2,427,550.28	\$473,599.64	\$1,953,950.64	\$15,267,854.27	\$15,413,464.91
8	\$2,427,550.28	\$419,865.99	\$2,007,684.29	\$13,260,169.98	\$13,371,251.26
9	\$2,427,550.28	\$364,654.68	\$2,062,895.60	\$11,197,274.38	\$11,277,982.26
10	\$2,427,550.28	\$307,925.05	\$2,119,625.23	\$9,077,649.15	\$9,132,381.54
11	\$2,427,550.28	\$249,635.35	\$2,177,914.93	\$6,899,734.22	\$6,933,140.80
12	\$2,427,550.28	\$189,742.69	\$2,237,807.59	\$4,661,926.63	\$4,678,919.04
13	\$2,427,550.28	\$128,202.98	\$2,299,347.30	\$2,362,579.33	\$2,368,341.74
14	<u>\$2,427,550.28</u>	<u>\$64,970.93</u>	<u>\$2,362,579.35</u>	\$0.00	\$1.00
	\$33,985,703.92	\$6,090,703.90	\$27,895,000.02		

Department of Parking and Traffic
All Revenues and Expenses Accrue to the Off-Street Parking Fund
5/8/2002

Revenue	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10
Parking Meter Revenue	15,803,809	18,522,000	18,522,000	18,522,000	18,522,000	18,522,000	18,522,000	18,522,000
Transfer to Transportation Fund	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)	(7,600,000)
Parking Garages	4,875,966	5,022,245	5,172,912	5,328,100	5,487,943	5,652,581	5,822,158	5,996,823
Sale of electronic mechanisms	49,525							
General Fund Support	1,168,298	1,188,925	1,362,781	1,543,643	1,760,654	1,982,565	2,211,134	19,010
Total Revenue	14,377,598	17,133,170	17,457,693	17,793,743	18,170,597	18,557,146	18,955,292	16,937,833
Expenses								
Parking Division Operating Budget	6,434,593	6,627,630	6,826,459	7,031,253	7,242,191	7,459,456	7,683,240	7,913,737
Administration Division Operating Budget	3,576,116	3,683,399	3,793,501	3,907,719	4,024,950	4,145,609	4,270,070	4,398,172
Meter Collection Services	1,146,624	1,146,624	1,146,624	1,153,637	1,161,561	1,227,308	1,264,127	1,302,051
Coin Counting Services	389,917	389,917	405,110	415,535	426,296	439,085	452,257	465,825
Materials and Supplies	157,798	407,798	407,798	407,798	407,798	407,798	407,798	407,798
Vehicles	245,000							
Software Licensing		22,700	22,700	22,700	22,700	22,700	22,700	22,700
Financing payment	2,427,550	4,855,101	4,855,101	4,855,101	4,855,101	4,855,101	4,855,101	2,427,550
Total Expenses	14,377,598	17,133,170	17,457,693	17,793,742	18,170,596	18,557,146	18,955,293	16,937,833



City and County of San Francisco



WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMOUN, EXECUTIVE DIRECTOR

MEMORANDUM

To: Harvey Rose, Budget Analyst, Board of Supervisors

From: Julia Dawson, Deputy Director, Administration and Finance *Jna*

Subject: Parking Meter Project Financing

Date: May 8, 2002

When DPT initially provided financing information to the Budget Analyst, we had not received the final payment schedule from the Mayor's Office of Finance. Because we had already completed the financial attachment, Parking and Traffic spent its time ensuring that all of the other questions relating to the project were answered to meet the deadline for the report. As a result, we did not notice that we had accidentally omitted one finance payment from the financial projections. We have corrected this oversight and submitted revised projections at your request.

If the Board of Supervisors approved a small number of parking meters, the Department would be able to fund the purchase through its operating budget. If the quantity of meters was larger, the decision on how to fund the purchase of additional meters would be made with the guidance of the Mayor's Budget Office and the Board of Supervisors.

Item 4 – File 02-0191

Department: Board of Supervisors
Planning Department

Item: Ordinance releasing \$263,000 placed on reserve in the FY 2001-2002 Planning Department budget for computer equipment and \$500,000 placed on reserve in the FY 2001-2002 Planning Department budget for the Transbay Terminal Study. The proposed ordinance would also reappropriate the \$500,000 reserved for the Transbay Terminal Study to the Board of Supervisors for (a) an environmental review of Board of Supervisors legislation amending the Planning Code (File No. 00-2108) at a cost of \$263,000; and, (b) \$237,000 for the Transbay Joint Powers Authority.

Amount: \$763,000

Source of funds: General Fund monies appropriated and reserved in the FY 2001-2002 budget for computer equipment (\$263,000) and the Transbay Terminal Study (\$500,000).

Description: The FY 2001-2002 Planning Department budget includes reserved funds in the amount of \$263,000 for computer equipment. This proposed ordinance would authorize the release of \$263,000 for expenditure by the Planning Department for computer equipment. Item 5, File 02-0145 is the Budget Analyst's report on this release of \$263,000 in reserved funds.

This proposed ordinance would also reappropriate \$500,000 that is on reserve in the FY 2001-2002 Planning Department budget for a Transbay Terminal Study. The subject \$500,000 would be reappropriated to the Board of Supervisors for (a) an environmental review of Board of Supervisors legislation amending the Planning Code (File No. 00-2108) at a cost of \$263,000; and, (b) \$237,000 for the Transbay Joint Powers Authority.

File 00-2108 is a proposed ordinance that would amend Part II, Chapter II of the San Francisco Municipal Code (Planning Code) by (a) amending Section 124 to eliminate floor area ratio limits (the ratio of the gross floor area of

all the buildings on a lot to the area of the lot) for residential construction in certain C-3 (Downtown Office, Retail, General Commercial and Support) Zoning Districts; (b) amending Sections 215 and 216 to increase the maximum density ratio for dwelling units and group housing allowed in certain C (commercial and business) Zoning Districts and M (light industrial) Zoning Districts; and, (c) making a determination of consistency with the priority policies of Planning Code Section 101.1(B). That proposed ordinance (File 00-2108), which would have amended the Planning Code, was introduced on December 4, 2000. On August 3, 2001, that ordinance was filed by the Board's Housing, Transportation and Land Use Committee.

According to the Office of the Sponsor of this proposed ordinance, the intent of this ordinance is to reappropriate \$263,000, of the original \$500,000 appropriation which was placed on reserve for a Transbay Terminal Study, to the Board of Supervisors and then work-order the \$263,000 back to the Planning Department for the specific purpose of conducting an environmental review of the proposed ordinance under File 00-2108, which was previously filed.

This proposed ordinance would also reappropriate \$237,000 to the Board of Supervisors for the purpose of transferring these funds to the Transbay Joint Powers Authority. The Transbay Joint Powers Authority was created April 4, 2001, pursuant to State law. The Transbay Joint Powers Authority consists of 5 members, including one appointed by the Peninsula Corridor Joint Powers Board (CalTrain), one appointed by AC Transit, and three appointed by the City and County of San Francisco. Of the San Francisco members, one is appointed by the Board of Supervisors, one is appointed by the Municipal Transportation Agency Board of Directors, subject to Board of Supervisors approval, and one is appointed by the Mayor. The Transbay Joint Powers Authority has been designated as the entity that will design, build, and operate the proposed new Transbay Terminal.

According to the Office of the Sponsor of the proposed ordinance, the \$237,000 would then be transferred from the Board of Supervisors FY 2001-2002 budget to the Transbay Terminal Joint Powers Authority for uses related to the new Transbay Terminal project, and that such uses would be determined by the Joint Powers Authority.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 5 - File 02-0145

Department: Planning Department

Item: Hearing to consider the release of reserved funds in the amount of \$263,000 for computer equipment.

Amount: \$263,000

Source of Funds: General Fund monies reserved in the Fiscal Year (FY) 2001-2002 Planning Department budget.

Description: In the FY 2001-2002 budget, the Board of Supervisors appropriated \$500,000 to the Planning Department for computer equipment, placing \$263,000 on reserve pending submission to the Finance Committee of draft proposed Permanent Industrial Zoning Controls in the South of Market area, Mission District, Showplace Square area and the area near Pacific Bell Park.

Attachment I, provided by the Planning Department, explains the status of the draft proposed Permanent Industrial Zoning Controls mentioned above. As stated by Mr. Amit Ghosh of the Planning Department in Attachment I,

“On September 6, 2001 the Planning Commission established a permanent industrial zone in the form of a Special Use District in the core of the industrial zones.”

Mr. Ghosh continues,

“Since October 2001 the Planning Department has been working on the Eastern Neighborhoods Community Planning Process. The end goal of this effort is to gather community input in regard to future land use alternatives in that part of San Francisco. With this information the Department will then draft permanent land use controls for the rest of the areas in the IPZ.”

Because the subject \$263,000 was placed on reserve pending the submission to the Finance Committee of draft proposed Permanent Industrial Zoning Controls in the South of Market area, Mission District, Showplace Square

area and the area near Pacific Bell Park, and, according to the Planning Department, these draft permanent controls are not complete, the Budget Analyst considers release of the subject reserved funds to be a policy decision for the Board of Supervisors.

Budget:

Attachment II, provided by the Planning Department, is a budget totaling \$263,424.21 for the computer equipment, including the \$263,000 in subject reserved funds plus \$424.21 which, according to Mr. Costolino Hogan of the Planning Department, would be absorbed in the Planning Department's FY 2001-2002 operating budget.

The Budget Analyst has verified the attached proposed budget (Attachment II) against quotations from two of the City's Committee on Information Technology (COIT) approved Computer Store vendors. One of the Computer Store vendors would supply the computer equipment to "replace network infrastructure" totaling \$98,845 (not including Sales Tax) and the other Computer Store vendor would supply the computer equipment for "servers replacement", "software compliance", and "virus protection", totaling \$144,503 (not including Sales Tax). The balance of \$20,076 is for Sales Tax.

Comments:

1. As previously noted, the Board of Supervisors appropriated \$500,000 in the Planning Department's FY 2001-2002 budget for computer equipment, placing \$263,000 on reserve. From July 1, 2001 to May 3, 2002, the Planning Department has spent \$237,514.57 on other computer equipment representing the balance of the unreserved portion of the monies appropriated in the FY 2001-2002 budget for computer equipment (\$500,000 less \$263,000 on reserve) plus \$514.57 which, according to Mr. Hogan, has been absorbed in the Planning Department's FY 2001-2002 operating budget. Attachment III, provided by the Planning Department, lists the computer equipment already purchased by the Planning Department from Computer Store vendors since July 1, 2001.

2. Attachment IV, provided by the Planning Department, is a memorandum that explains what the computer

equipment is for, why the Planning Department needs the computer equipment, and what has not been getting done because the Planning Department does not have this computer equipment. As stated by the Planning Department in the Attachment IV memorandum, "All processing of building permit and case filings has been stopped. As the public calls and comes in to request information, we are forced to send them away without answers." This response by the Planning Department is illustrative of management deficiencies found in the Budget Analyst's forthcoming management audit of the Planning Department. If these conditions now exist, the Budget Analyst questions why management did not prepare contingency plans to enable ongoing processing of permits.

3. Although the Attachment IV memorandum from the Planning Department describes the need for their computer equipment in general terms, the Budget Analyst has not made an independent audit specifically to verify the necessity of obtaining the \$263,000 in additional computer equipment. Furthermore, the Budget Analyst has not determined whether such computer equipment will specifically address the deficiencies in the Planning Department's information technology, as identified by the Budget Analyst's Office in our forthcoming management audit of the Planning Department.

4. The proposed request for release of reserves was received by the Board of Supervisors and assigned to the Finance Committee on February 7, 2002. The Budget Analyst transmitted its request to the Planning Department for information on the subject release of reserves on February 22, 2002. The Budget Analyst did not begin to receive information in response to our request until April 26, 2002, more than two months after our initial information request.

Recommendation:

Because the subject \$263,000 was placed on reserve pending the submission to the Finance Committee of draft proposed Permanent Industrial Zoning Controls in the South of Market area, Mission District, Showplace Square

area and the area near Pacific Bell Park, and, according to the Planning Department, these draft permanent controls are not complete, and because the Budget Analyst has not made an independent audit of the need for this specific computer equipment, the Budget Analyst considers release of the subject reserved funds to be a policy decision for the Board of Supervisors.



PLANNING DEPARTMENT

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MEMORANDUM

DATE: May 1, 2002

TO: Finance Committee
San Francisco Board of Supervisors

FROM: Amit Ghosh, Head of Long Range Planning
San Francisco Planning Department

RE: Progress Report on Industrial Protection Zones (IPZ) Permanent Controls

The Interim Industrial Protection Zone Controls (IPZ) expired August 2001. These controls were meant to temporarily regulate the use of land in the Eastern Neighborhoods of San Francisco.

On September 6, 2001 the Planning Commission established a permanent industrial zone in the form of a Special Use District in the core of the industrial zones (Resolution 16224). In that district, no office or housing use, including live/work is permitted.

Since October 2001 the Planning Department has been working on the Eastern Neighborhoods Community Planning Process. The end goal of this effort is to gather community input in regard to future land use alternative in that part of San Francisco. With this information the Department will then draft permanent land use controls for the resat of areas in the IPZ. This effort has involved:

1. Release of report: "Profiles of Community Planning Areas: San Francisco's Eastern Neighborhoods"
2. Series of workshops in SoMa, Mission, Showplace Square-Potrero Hill, Bayview, and Visitation Valley.

The first workshop in Bayview focused on a view of land use trends. The two community workshops in SoMa and the Mission, resulted in the development of goals for the community planning process. The third workshop in Showplace Square-Potrero Hill will result in a draft land use proposal. The Vistatacion Valley community planning workshops were completed in March and resulted in a land use proposal.

3. Development of a web page to interact with the public and city agencies.

4. Development of land use proposal for Visitacion Valley.
5. Implementation of industrial business survey.
6. Hiring of five (5) staff planners

In addition, the Better Neighborhood-Central Waterfront planning effort will soon release a land use proposal for the area.

City Planning Computer Equipment Budget Release Justification

QTY	Item Description	Price per Unit	Total
I. Replace network Infrastructure			
	Replace and upgrade the existing outdated Intel switches to an enterprise Cisco switches solution		
1	C 3750-S1 5509 Chassis w/1200W AC power supply	\$9,939.00	\$9,939.00
1	Catalyst 6500 supervisor engine 2 2GE Plus MSFC-2 & PFC-2	\$24,799.00	\$24,799.00
1	Catalyst 6500 switch fabric module	\$5,319.00	\$5,319.00
4	Catalyst 6500 48 port 10/100	\$12,759.00	\$51,036.00
6	1000B LXLH inlong wave long haulin GBIC	\$699.00	\$4,194.00
2	Cisco Catalyst 2950 24 port 10/100 switch	\$1,779.00	\$3,558.00
II. Servers Replacement			
2	Three servers upgrades to replace aging servers all 1660 Mission. These servers are running at 24 hours a day and 365 days per year. The life cycle of each server is three to five years and our youngest server is six year old. One file and print server, one server for a network security system, and one Backup Server. This will give the department redundancy and true 24/7 availability (24 hours a day and 7 days a week of network availability to staff).	\$35,000.00	\$70,000.00
III. Software compliance:			
	Microsoft has changed its licensing policy lately. The department is using Microsoft Office as a standard office software for word processing, spreadsheet, as well as PowerPoint presentations. Currently we own only fifty copies and there are 150 PCs in the department that need MS Office software.		
100	Microsoft Office software upgrade	\$400.00	\$40,000.00
	Adobe Photoshop, PageMaker, Illustrator have become essential tools and are used daily by most of our Citywide Policy planners and some neighborhood planners to prepare reports and documents for the Planning Commission, Director, ZA, and public. Staff frequently use Photoshop to knit together color images into panoramic streetscapes. These software are also essential to view renderings and other images sent to planners by project sponsors. Increased use of this software compels us to acquire more copies to comply with licensing requirements		
30	Adobe Photoshop 6.0	\$699.00	\$20,970.00
17	Adobe Illustrator 10	\$399.00	\$6,783.00
IV. Virus Protection:			
	New viruses have been attacking PCs and it is important to have a more advanced enterprise virus protection system to protect data and the department's network. We need the Windows 2000 version of this software to protect the Windows 2000 workstations.		
150	Antivirus software upgrade to protect the department's network	\$45.00	\$6,750.00
Sub-Total			\$243,348.00
Sales Tax @ 8.25%			\$20,076.21
Total			\$263,424.21

City Planning Computer Equipment Budget Purchased since July 1, 2001 to May 3, 2002

QTY	Item Description	Price per Unit	Total
1	5-pack natural keyboard	\$175.00	\$175.00
1	HP Netserver Server for 30 Van Ness	\$33,539.00	\$31,639.00
1	HP Sure store backup	\$13,250.00	\$13,250.00
1	Hard drive 36.7 GB	\$400.00	\$400.00
50	Symantec Ghost software	\$31.00	\$1,550.00
2	PL/SQL Developer	\$350.00	\$700.00
1	USB switch modular 4 ports	\$45.00	\$45.00
1	Arc Univ client agent for NT/W2k	\$140.00	\$140.00
1	Webtech - revolutionary CSS and DHTML	\$150.00	\$150.00
1	Norton Ghost 2002 for 98/NT4/W2k	\$100.00	\$100.00
2	Upgrade Coldfusion 4.5 UltraDev 4 studio	\$475.00	\$950.00
2	Fireworks 4 for 95/98/NT/W2k	\$150.00	\$300.00
1	Imagemate smartmedia USB Reader	\$50.00	\$50.00
1	Upgrade Omnipage pro 11.0	\$120.00	\$120.00
1	2000 sheet input tray for Laserjet 8000 printer	\$920.00	\$920.00
1	SanDisk Smartmedia Imagemate USB port	\$50.00	\$50.00
1	SanDisk CompactFlash Imagemate USB port	\$50.00	\$50.00
1	Norton Systemworks Professional 2001	\$125.00	\$125.00
1	Skillbuilding with Cold Fusion	\$360.00	\$360.00
1	Partitionmagic 6.0	\$70.00	\$70.00
1	Base Magnitude - Storage Area Network	\$83,184.00	\$39,950.00
13	73 GB Hard Drive	\$2,300.00	\$29,900.00
1	REDI copy software - 7 server license	\$7,273.00	\$7,273.00
1	REDI storage manager - 7 server license	\$6,061.00	\$6,061.00
1	Dragon Naturally Speaking Preferred voice activated software	\$240.00	\$240.00
1	Digilally Enhanced USB Speech headset	\$75.00	\$75.00
10	Monitors	\$325.00	\$3,250.00
20	HP X1100 workstations	\$1,912.50	\$38,250.00
1	Coldfusion server 5.0 Enterprise software	\$6,925.00	\$6,925.00
20	HP X1000 workstations	\$1,735.00	\$34,700.00
1	Kodak DC4800 digital camera	\$750.00	\$750.00
1	Robohelp office 2002	\$921.00	\$921.00
1	Highway Capacity Manual	\$149.00	\$149.00
		Sub-Total	\$219,413.00
		Sales Tax @ 8.25%	\$18,101.57
		Total:	\$237,514.57



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MEMORANDUM

DATE: May 8, 2002

TO: Finance Committee
San Francisco Board of Supervisors

FROM: Information Services Unit
San Francisco Planning Department

RE: FY 2001-02 Original Plan for Upgrade of Planning Department
Computer Equipment and Network

BACKGROUND

The Planning Department has not in its recent set of approved budgets had an ongoing annual base budget allocation for computer replacement, upgrades, or maintenance. In fact, The Planning Department's computer equipment budget has been under-funded since fiscal year 1997-98. Last year, FY 2000-2001, the Department received only \$70,000 for computer equipment. While appreciated, it is clear to everyone at the Department that this level of funding is woefully inadequate. As a result, the Department does not have enough computers capable of running the latest software programs needed by planning staff to adequately review cases and produce analyses and this fact has lead to a breakdown in the Department's overall computer network. This breakdown has hampered the ability of staff to process cases in a timely manner. The Department's simple unmet goal is to provide planning staff with all the in-house tools they need to create reports and conduct analyses required for application review.

Additionally, over the last three fiscal years the Department's size has increased substantially, an off-site satellite office has been added, and the complexity of user demands has increased such that it is difficult to effectively serve the public with the existing hardware and software. Again it must be mentioned that these events have all occurred while the Department technology budget has not grown respectively. Funds from the approved FY 2001-02 equipment allocation were to be used to cover the cost of implementing the necessary network upgrades to provide for the Department's growing operations and use of data equipment.

New computer equipment, network upgrades, customize applications, software licenses and increased maintenance are particularly important to providing staff and the public with the most

comprehensive and timely information on development issues, thus helping to insure their input into the planning process and development within their neighborhoods. The Department's computer network serves the Public Information Center, where the public, neighborhood groups, community agencies, legislators and other Departments have immediate access to all land use records, planning policies and land use studies.

STATUS

The Department needs funds to provide adequate computers to our staff. The information technology industry standard calls for complete replacement of hardware components within a three-year period. However because of the need to use existing resources to cover other operating expenses, the Department has lagged well behind this standard. The Department's total equipment appropriation approved in August of 2001 was to primarily be used to begin implementation of this three-year replacement system and the licensing required by manufactures. Because a number of staff have inadequate PCs, it has become more difficult for the public and project sponsors to have access to vital information about their neighborhoods and their projects.

With a portion of the budget release of \$263,000, the Department can immediately replace the current downed computer network infrastructure. Currently, access to this system ranges from intermittent to non-existent depending on network status. Making needed improvements will allow the department to be able to provide service to the public, who will benefit by having access to pending applications, planning regulations and other information.

Without the remaining \$263,000 of our budget appropriation, the technology support that the Department originally envisioned for FY 2001-02 and the support for the above services mentioned have all but disappeared in the face of recent network breakdowns brought on by deferred maintenance. All processing of building permit and case filings has been stopped. As the public calls and comes in to request information, we are forced to send them away without answers. And in some cases staff has been forced to typewrite memorandums and handwrite reports.

Item 6 - File 02-0473

Department: Airport Commission

Item: Hearing to request the release of reserved funds, San Francisco International Airport (Fiscal Year 2001-2002 Budget), in the amount of \$54,387,447, as partial reimbursements for funds already expended on all contracts related to the development of data to be used in the preparation of the required Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) documents for the proposed runway project.

Amount: \$54,387,447

Source of Funds: Passenger Facility Charge revenues (PFC1). The Federal Aviation Administration authorized a PFC1 charge in the amount of \$4.50 per passenger, for the San Francisco Airport on July 27, 2001. The Airport began collecting PFC1 revenues on October 1, 2001.

Budget: A summary of (a) the nine Airport contracts and (b) the Airport staffing expenditures, included in the total requested amount of \$54,387,447, is as follows:

URS Planning Feasibility Study	\$1,856,799
HNTB Airspace Planning	5,856,857
HMMH Noise Analysis	212,848
URS Environmental	11,149,353
Environmental Science Associates	771,806
California Academy of Sciences	145,047
Jones and Stokes Mitigation Planning	2,959,210
Airfield Development Engineering	
Consultants (ADEC)	26,837,396
Blue Ribbon Panel Concepts	1,250,000
Planning Staff	533,347
Environmental Staff	901,170
Marine Structures Staff	818,368
Pavement and Utilities Staff	<u>1,095,246</u>
Total	\$54,387,447

Comments:

1. In order to prepare a report on the requested release of reserved funds, the Budget Analyst requested the following information:
 - budget details for the requested release of reserved funds, including contractor hours and hourly rates for each contract amount and budget details for in-house Airport personnel expenditures;
 - descriptions for each contract or project included in the requested release of reserved funds;
 - total contract costs for each contract;
 - explanation of the selection process for each contractor; and
 - a memorandum explaining eligible projects and/or costs to be reimbursed with Passenger Facility Charge revenue.
2. The Airport has not provided the Budget Analyst with the following requested items:
 - budget details that reconcile to the amounts for the contracts included in the requested release of reserved funds;
 - budget details for Airport personnel expenditures that reconcile to the amounts included in the requested release of reserved funds;
 - descriptions of each contract or project included in the requested release of reserved funds;
 - explanation of the selection process for each contractor; and
 - a memorandum explaining eligible projects and/or costs to be reimbursed with Passenger Facility Charge revenue.
3. Mr. Leo Fermin of the Airport reports that the Airport did not receive prior approval of the Board of Supervisors for the contracts with URS Environmental and Airfield Development Engineering Consultants (ADEC). As noted in the Budget section of this report each of these contracts is over \$10 million. Ms. Mara Rosales, General Counsel for the Airport, states that the City Attorney's Office has previously determined that the Airport is not required to obtain prior approval from the Board of Supervisors for contracts over \$10 million if the contracts are for architectural and engineering services. Ms. Rosales states

that the Airport has followed this advice throughout the implementation of the Master Plan and did not receive Board of Supervisors approval for such architectural and engineering services contracts for the construction of the new International Terminal or for the development of data for the EIR and EIS documents for the Runway Reconfiguration project. Ms. Rosales further states that the City Attorney's Office does not have a written opinion on this matter.

4. The Budget Analyst notes that Charter Section 9.118 (b) states that:

Unless otherwise provided for in this Charter, and with the exception of construction contracts entered into by the City and County, any other contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than \$500,000 shall be subject to approval of the Board of Supervisors by resolution.

This Charter Section does not state that architectural and engineering services contracts are construction contracts.

5. Mr. Fermin states that all of the nine contractors listed in the Budget section of this report were selected through a Request for Qualifications process and were awarded contracts in accordance with City and Airport Policies and Procedures for selecting contractors. However, Mr. Fermin reports that the Airport is unable at this time to provide the Budget Analyst with specific information on the contractor selection process for each of the nine contracts, including the number of bids and/or proposals received, the bid or proposal amounts, the criteria for selection, and the ranking of the competing firms.

Memo to Finance Committee
May 15, 2002 Finance Committee Meeting

Recommendation: Continue the item to the Call of the Chair, pending submission to the Board of Supervisors of the additional information requested from the Airport by the Budget Analyst.

Item 7 - File 01-2027

Department: Airport Commission

Item: Ordinance appropriating \$244,757,735 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on revenue bonds issued for certain eligible costs associated with the development of the new international terminal complex, and the development and implementation of the precision runway monitoring system at the Airport Commission, placing \$244,757,735 on reserve pending approval by the Federal Aviation Administration of the Passenger Facility Charge (PFC2).

Amount: \$244,757,735

Source of Funds: Passenger Facility Charge revenues (PFC2). The Federal Aviation Administration authorized a PFC2 charge in the amount of \$4.50 per passenger, for the San Francisco Airport on March 29, 2002. The Airport will begin collecting PFC2 revenues on June 2, 2003.

Comments: 1. In order to prepare a report on the requested appropriation of funds, the Budget Analyst requested that the Airport provide the following information:

- annual revenue projections for the Passenger Facility Charge;
- a memorandum explaining eligible projects and/or costs to be reimbursed with Passenger Facility Charge revenue;
- a description of the precision runway monitoring system project;
- an explanation of why the Airport does not want PFC2 revenues placed on reserve as required by this proposed ordinance;
- a memorandum with specific information on the revenue bonds used to finance the projects eligible to be repaid with PFC2 revenue;
- the date that the Federal Aviation Administration authorized a PFC2 charge in the amount of \$4.50 per passenger for the San Francisco Airport; and

- information on when the projects with costs eligible to be reimbursed by PFC2 revenues were approved by the Board of Supervisors.
2. The Airport has not provided the Budget Analyst with the following requested items:
- a memorandum explaining eligible projects and/or costs to be reimbursed with Passenger Facility Charge revenue; and
 - a memorandum with specific information on the revenue bonds used to finance the projects eligible to be repaid with PFC2 revenue.
3. According to Mr. Leo Fermin of the Airport, the Airport is preparing an Amendment of the Whole that (1) would reduce the requested appropriation of PFC2 revenue by approximately \$22,000,000 to reflect the non-eligibility of the precision runway monitoring system project, and (2) remove the language to put PFC2 revenues on reserve pending approval by the Federal Aviation Administration of the PFC2 program since, subsequent to the reserve language, the PFC2 program was approved by the FAA on March 29, 2002.
4. Because PFC2 revenues would not begin to be collected until June 2, 2003, it is unclear why these future revenues need to be appropriated at this time.

Recommendation: Continue the item to the Call of the Chair, pending submission to the Board of Supervisors of the additional information requested from the Airport by the Budget Analyst.

Item 8 - File 02-0490

Departments: Recreation and Park (RPD)
Public Works (DPW)

Item: Ordinance authorizing the Recreation and Park Department to (a) negotiate and enter into a joint sole-source contract with Mr. Lucas Verbij of Hoogmade/BV, the Netherlands, and Mr. Mark De Jong of Bloemendal Construction Company, San Francisco, for restoration of the South (Murphy) Windmill in Golden Gate Park and (b) accept a \$300,000 gift from the Campaign to Save the Golden Gate Park Windmills.

Amount: \$ 800,000 for Phase I restoration project costs
\$3,081,000 for Phase II restoration project costs
\$3,881,000 for total restoration project costs

Source of Funds
for Phase I: A gift from the Campaign to Save the Golden Gate Park Windmills of \$300,000, and State Proposition 12 Grant Funds of \$500,000.

Source of Funds
for Phase II: A pending gift from the Campaign to Save the Golden Gate Park Windmills of \$3,081,000 which will be the subject of future legislation (see Comment No. 4).

Description: According to Ms. Kathryn How of RPD, the South (Murphy) Windmill, City Landmark No. 210, was built in 1905 at the west end of Golden Gate Park with donated funds from banker Samuel Murphy. Mr. Lucas Verbij of Hoogmade/BV, a fourth generation Dutch windmill design and construction expert whose company is based in the Netherlands, performed an extensive study of the Windmill in 1993 and concluded that immediate attention was required to rescue and restore the Windmill.

According to Ms. How, the South Windmill restoration project has been divided into two phases. Phase I would restore the windmill cap (the structure's dome), sails, and mechanism at an estimated cost of \$800,000. Phase II would restore the windmill base and provide for seismic upgrades at an estimated cost of \$3,081,000. Therefore,

BOARD OF SUPERVISORS

BUDGET ANALYST

the total estimated restoration project costs are \$3,881,000.

The proposed ordinance authorizes RPD to accept and expend a gift of \$300,000 from the Campaign to Save the Golden Gate Park Windmills, a non-profit organization dedicated to restoring the windmills located at the historic west end of Golden Gate Park and their environs. The subject gift would fund a portion of the total Phase I restoration project costs of \$800,000.

The proposed ordinance would also authorize RPD to negotiate and enter into a joint sole-source contract with Mr. Verbij of Hoogmade/BV, the Netherlands, and Mr. Mark De Jong of Bloemendal Construction Company, San Francisco. Attachment I, provided by RPD, explains why the Department considers Mr. Verbij and Mr. De Jong to be uniquely qualified to perform Phases I and II of this restoration project under a joint sole-source contract. Attachment II, provided by RPD, provides additional information regarding this project.

Phase I Budget:

The budget for Phase I of the proposed restoration of the Windmill, as determined by RPD, is as follows:

South (Murphy) Windmill Restoration – Phase I

*Contractual Construction Costs (Hoogmade/BV, the
Netherlands, and Bloemendal Construction Company,
San Francisco)*

Site Preparation	\$8,000	
Temporary Support	43,000	
Lift-off of Cap	95,000	
Restoration of Cap, Sails, and Mechanism in the Netherlands	450,000	
Insurance	10,000	
Contingency	<u>59,600</u>	
<i>Subtotal Contractual Construction Costs:</i>		\$665,600

In-house Costs

DPW Project Management (approximately 0.05 FTE, 5504 Project Manager)	24,400	
DPW Planning	8,535	
DPW Design	91,465	
DPW Construction Admin (approximately 0.11 FTE, 6333 Sr. Building Inspector)	<u>10,000</u>	
<i>Subtotal In-house Costs:</i>		<u>134,400</u>

TOTAL: **\$800,000**

Attachment III, provided by RPD, contains supporting budget explanations.

Comments:

1. According to Ms. How, the restoration of the Windmill will be divided into two phases. Phase I will include removal, repair, and reinstallation of the windmill cap, sails, and mechanism. Phase I of the project is expected to take at least ten months, with work beginning on June 6, 2002 and completion planned for April 4, 2003. Phase I will cost an estimated \$800,000 (approximately 20.6 percent of the total estimated restoration project costs of \$3,881,000), which would be funded by the \$300,000 subject gift and \$500,000 in grant funding (State Proposition 12) previously appropriated by the Board of Supervisors in RPD's FY 2000-2001 budget.

2. As explained in Attachment II, Ms. How advises that State Proposition 12 funds are grant funds from the State 2000 Bond Act for the Renovation and Rehabilitation of Golden Gate Park. The Board of Supervisors authorized RPD to apply, accept, and expend \$13,524,000 in those State grant funds on September 29, 2000. The \$500,000 budget for the Windmill was part of the RPD grant application for State Proposition 12 funds which the State finally approved in September of 2001.

3. According to Ms. How, Phase II will include seismic upgrade, repair and restoration of the base of the Windmill. According to Ms. How, Phase II will cost approximately \$3,081,000 (approximately 79.4 percent of the estimated total project costs) and all Phase II funding is expected to be provided by donations from the Campaign to Save the Golden Gate Park Windmills. As of the writing of this report, the Phase II start and completion dates have not been established (see Comment No. 4).

4. As stated in Attachment II, Ms. How advises that the fund raising efforts by the Campaign to Save the Golden Gate Park Windmills for Phase II of the Windmill restoration have raised \$200,000 to date. This leaves a balance of \$2,881,000 yet to be raised. According to Ms. How, the Campaign to Save the Golden Gate Park Windmills has given a verbal commitment to raise the private funds necessary to restore the Windmill's base. Ms. How states that the Recreation and Park Commission will authorize Phase II to proceed only after full funding for Phase II becomes available. The total estimated Phase II costs of \$3,081,000 would be subject to future legislation for the Board of Supervisors to authorize the RPD to accept the Phase II gift funds from the Campaign to Save the Golden Gate Park Windmills.

5. According to Ms. How, once the Windmill's cap, sails, and mechanism have been removed for restoration, it is anticipated that the rest of the Windmill structure will be disassembled and stored securely near the Windmill site, pending the availability of Phase II funding.

6. Ms. How states in Attachment II that the RPD's ongoing operational and maintenance costs associated with the restored Windmill will not change (a 0.50 FTE 7205 Chief Stationary Engineer in RPD at a maximum FY 2001-02 annual salary and benefits cost of \$43,265, plus materials and supplies). These costs will continue to be funded from RPD's regular General Fund allocation for maintenance, according to Ms. How.

7. The Budget Analyst notes that approval of the proposed ordinance would authorize RPD to proceed with the restoration of the Windmill cap (Phase I) before (a) \$2,881,000 in additional private funding for restoration of the Windmill base (Phase II), or approximately 93.5 percent of the total estimated Phase II costs of \$3,081,000, had been fully secured by the Campaign to Save the Golden Gate Park Windmills, and (b) the Board of Supervisors has authorized acceptance of the gift for Phase II of the restoration project. Nevertheless, Ms. How states that RPD would like to help the Campaign to Save the Golden Gate Park Windmills' fund raising efforts by showing some progress. Further, Ms. How states that RPD is confident that the Campaign to Save the Golden Gate Park Windmills can raise the additional private funds needed for Phase II of the restoration project.

Recommendation: Approve the proposed ordinance.



MEMORANDUM

To: Brian Stott
Budget Analyst's Office
1390 Market Street, Suite #1025
San Francisco, CA 94102
(415) 554-7642 voice/252-0461 fax

From: Kathryn How
Recreation & Park Department
5th Fl., 30 Van Ness
San Francisco, CA 94102
(415) 581-2553 voice/581-2540 fax

Subject: Ordinance for South(Murphy) Windmill Restoration
Sole Source Contract

Date: April 22, 2002

Provided below is an explanation about why the Recreation and Park Department is requesting to enter into a sole-source agreement for the restoration of the South (Murphy) Windmill.

The San Francisco Recreation and Park Department, in collaboration with San Francisco Beautiful and the Campaign to Save the Golden Gate Park Windmills, has sought-out windmill restoration experts around the world who would have the experience and expertise to restore the South (Murphy) Windmill. The Recreation and Park Department has determined that Lucas Verbij, of Hoogmade/BV Windmill Construction and Restoration of the Netherlands, is uniquely qualified to perform the restoration work of the cap, sails and mechanism of the South Windmill. Mr. Verbij is a 4th generation Dutch windmills design and construction expert whose family has been constructing, restoring and maintaining windmills since 1868. Mr. Verbij's company, Hoogmade/BV, has the largest remaining windmill restoration shop in the world. Mr. Verbij has also become personally familiar with the South (Murphy) Windmill: In 1993, he prepared an extensive study and recommended then that immediate attention be given to the structure.

The Recreation and Park Department has also determined that Mark De Jong of Bloemendal Construction Company of San Francisco is uniquely qualified to perform the restoration of the base of the South Windmill. Mr. De Jong is a Dutch engineer with a family restoration and construction business in Holland and with experience in Dutch landmark restoration work. Mr. De Jong is also a San Francisco resident who has taken a personal interest in restoration of the base of the South Windmill. Since 1997, Mr. De Jong has both volunteered his time and has worked with the Campaign to Save the Golden Gate Park Windmills to clean, study and secure the unique interior structure of the South Windmill.

c: Rec Park – G. Hoy, Program Manager
City Attorney – S. Bregman, M. Morley
DPW – L. Ch'en, Project Manager

W. Laren Lodge, Golden Gate Park
51 Stanyan Street
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Phone: (415) 831-2779
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MEMORANDUM

To: Brian Stott/Alan Gibson
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From: Kathryn How
Recreation & Park Department
5th Fl., 30 Van Ness
San Francisco, CA 94102
(415) 581-2553 voice/581-2540 fax

Subject: Ordinance for South(Murphy) Windmill Restoration
Response to Additional Questions of 5/1/02 and 5/6/02

Date: May 7, 2002

1. **Status of fund raising efforts for Phase II (previously stated as Phase IB, restoration of the base) of the project:** Currently, private funds of approximately \$200,000 have been pledged for Phase II. The contract agreement with the contractor will be a single contract for Phase I and Phase II, with language which authorizes only Phase I (the amount of work for which there is funding available). After full funding for Phase II becomes available, the authorization to proceed with Phase II will come from the Recreation and Park Commission.
2. **Funding of the ongoing operational and maintenance cost associated with the upkeep of the South (Murphy) Windmill:** Funding for maintenance will not change, and is from Recreation and Park's General Fund allocation.
3. **Prop. 12 Funding:** The authorization for the Recreation and Park Department to apply, accept and expend a \$13,524,00 grant from the State 2000 Bond Act for the Renovation and Rehabilitation of Golden Gate Park came from the Board of Supervisors through Res. No. 1006-00, dated 9/29/00. The \$500,000 for South (Murphy) Windmill was in the grant application signed by the Recreation and Park Department General Manager, Elizabeth Goldstein. This application was submitted Jan. 8, 2001. The State executed a contract with the City in September of 2001.
4. **Subcontractors:** It is anticipated that there may be one or several subcontractors; however, the contract will be with the prime contractor. The prime contractor must meet HRC goals, as with other City contracts with prime contractors doing construction work.
5. **Relationship between Phase I and Phase II:** After the top "cap" is removed, the base will likely be disassembled (due to safety concerns), and parts stored securely near the

site. Restoration of the "cap" is anticipated to be completed in March 2003 (per 4/9/02 memo to you), and shipped back the following month. If the Campaign does not raise the funding necessary to restore the base in a timely manner, the General Manager and the Recreation and Park Commission must consider delaying shipping, or storage of the cap within Rec Park property.

6. **Funding for maintenance:** Technically, funding for maintenance should not change. Maintenance needs of a very dilapidated structure are not much less than the maintenance needs of a restored structure open to tourists. In fact, quite a bit of time and effort is required now to secure or remove loose parts from the dilapidated structure. Once the windmill is restored, tourists will still only be looking at the outside of the windmill. Whether tourists will be allowed inside or not, and whether they will remain on the ground, or be allowed to go up into the tower has not been decided.
 7. **General fund amount currently spent each year on the windmill's maintenance:** Current maintenance for the windmill is estimated to require one Recreation and Park staff person (Chief Stationary Engineer) half time annually, and materials and supplies.
 8. **Status of fund raising efforts for Phase II (restoration of the base) of the project:** As stated above in item 1, private funds of approximately \$200,000 have been pledged for Phase II. After full funding for Phase II becomes available, the authorization to proceed with Phase II will be requested from the Recreation and Park Commission.
 9. **Assurances for full Phase II funding from private sources:** All funding from private sources would be funneled through the Campaign to Save the Windmills. At this point in time, the Campaign has given a verbal commitment to raise the private funds necessary to restore the base.
- c: Rec Park – G. Hoy, Program Manager
City Attorney – S. Bregman, M. Morley
DPW – L. Ch'en, Project Manager

**MEMORANDUM**

To: Brian Stott
Budget Analyst's Office
1390 Market Street, Suite #1025
San Francisco, CA 94102
(415) 554-7642 voice/252-0461 fax

From: Kathryn How
Recreation & Park Department
5th Fl., 30 Van Ness
San Francisco, CA 94102
(415) 581-2553 voice/581-2540 fax

Subject: Ordinance for South(Murphy) Windmill Restoration
Budget Detail: Description of Subcategories

Date: April 22, 2002

Construction (\$665,600)

Site Preparation: \$8,000
Install portable toilet (for construction workers)
Prepare grade (ground) in front of windmill for crane
Prune trees where needed
Fence off job site
Repair existing entry doors
Rent generator

Temporary support: \$43,000
Install scaffolding inside
Engineering design for temporary support
Install shoring to wooden tower
Assist scaffolding company

Lifting off dome: \$95,000
Verbij Hoogmade assist with lift off
Remove and save copper roof
Crane company lift off
Cutting steel to allow shipping in container
Cover wooden tower
Ship dome to Holland
Clean up site

Restoration of dome and sails: \$450,000
Rebuild and restore dome, build sails

Ship dome to San Francisco
Install dome and sails
Insurance for dome: \$10,000
(new dome if lost)

Contingency: \$59,600
Unforeseen needs for Phase I

Project Control (\$134,400)

Project management: \$24,400
Prepare project plan, manage consultant selection process, conceptual design, construction documents, permit documents, reviews, approvals; and obtain permits. Handle bid and award process, provide project coordination, construction oversight, and handle close out of contract.
City staff: 5504 Project Manager \$110.35/hr x 221 hrs.

Planning: \$ 8,535
Regulatory agencies: Obtain Categoric Exemption from City Planning, obtain Certificate of Appropriateness from Landmarks Board (document sets the conditions for restoration for this City Landmark), obtain Department of Building Inspection review, including accessibility review.
Site investigation: Survey and recommendation by geotechnical engineer, materials testing, structural engineer review, historic survey and documentation
Evaluation: Historic Structure Report, evaluation of existing materials

Design: \$91,465
Project set-up and administration per project plan; onsite orientation; review existing base conditions and existing conditions survey report, other documentation and drawings; support structural engineer with shoring design.

Award (done as part of project management tasks):
Review bid for compliance to contract requirements (including Administrative Code requirements), insurance requirements, and HRC goals. Provide for independent cost review. Negotiate fees. Recommend and process award documents. (cost included in project management sub category)

Construction administration: \$10,000
Oversight and monitoring of contractor's construction activities on a daily basis. Handle progress payments to the contractor.
City staff: \$100.38/hr x 100 hours

Regulatory agencies review and permits: Costs are included in the planning tasks.

- c: Rec Park – G. Hoy, Program Manager
City Attorney – S. Bregman, M. Morley
DPW – L. Ch'en, Project Manager

Item 9 - File 02-0635

Departments: Department of Administrative Services, Real Estate Division (RED)
Department of Human Services (DHS)

Item: Resolution authorizing a new lease of the entire building, and 29 parking spaces located at 945 Bryant Street for the Department of Human Services.

Location: 945 Bryant Street between 7th Street and 8th Street.

Purpose of Lease: To consolidate the Family Assessment Program into one location, where the DHS, Department of Public Health (DPH), Police Department, District Attorney's Office, and San Francisco Unified School District (SFUSD) will offer services to families and "at risk" children in the child welfare system.

Lessor: 945 Bryant Street, Limited Liability Company

Lessee: City and County of San Francisco, acting by and through DHS.

Term of Lease: Ten-years. Anticipated commencement date is 45 days after approval by the Board of Supervisors.

No. of Sq. Ft. and Cost Per Month: 40,410 square feet at a base monthly rate of \$79,136.25, or approximately \$1.96 per square foot per month, totaling \$949,635 per year, or \$23.50 per square foot annually.

Increase to the Base Rent: The base monthly rent is subject to a one-time Consumer Price Index (CPI) adjustment for the San Francisco Metropolitan Area at the start of the sixth year of the proposed 10 year lease, of no less than 15 percent and no more than 35 percent. No other CPI adjustments are to be made according to Ms. Claudine Venegas of the RED, to the proposed lease rents.

Right of Renewal: Six options of five years each to extend the term of the lease, or a total of up to 30 additional years. Each five year option to extend would increase the base rent to 95 percent of the then fair market value, as determined by an independent appraiser retained by both parties, if a fair market value cannot be negotiated, for space of comparable

size, age, quality, and location within the South of Market area of the City. According to Ms. Venegas, no CPI adjustments to the rent are to be made under the six option periods.

Utilities: To be paid by the City at an estimated annual cost of \$58,595 (approximately \$4,883 per month).

Janitorial Services: To be provided by the City at an estimated annual cost of \$68,697 (approximately \$5,725 per month).

**Total Estimated
First Year Cost
of Lease:** \$1,076,927 (\$949,635 plus \$58,595 plus \$68,697)

**Tenant
Improvements:** According to Ms. Venegas, the landlord would be required to pay for tenant improvements to the premises, not to exceed \$140,000. Tenant improvements would include costs for permits and approvals, government fees, licenses, inspections, construction, and building improvements. According to Ms. Venegas, the principal tenant improvement to be made will be the reconfiguration of existing workstations within the subject facility, which according to Ms. Venegas will be completed before the commencement of the lease.

Source of Funds: As described in the memorandum, provided by Mr. Phil Arnold of DHS (Attachment I), payments for the base rent would be funded by 47 percent State and Federal revenues, and 53 percent of the base rent would be funded by General Fund monies, subject to appropriation approval by the Board of Supervisors in the DHS annual budget. According to Mr. Arnold, since the families and children utilizing the Family Assessment Center will be DHS clients, DHS has agreed to fund the \$79,136.25 monthly, or \$949,635 annual rent cost, as well as the \$10,608 monthly, or \$127,292 (\$58,595 plus \$68,697) annual janitorial and utilities cost, for a total cost to DHS of \$89,744 monthly, or \$1,076,927 annually. Of this annual cost, 47 percent would be paid from State and Federal funds or \$506,156, and 53 percent, or \$570,771, would be paid by the City's General Fund.

Mr. Arnold states that the cost of the proposed lease for the remainder of Fiscal Year 2001-2002 is estimated to total approximately \$89,744.25, for the month of June 2002

including the cost for the base rent of \$79,136.25 plus one month's utilities and janitorial costs of \$10,608. Mr. Arnold advises that this one-month cost is available in the DHS FY 2001-2002 budget. Subsequent rent payments and related costs would be subject to appropriation approval by the Board of Supervisors in the DHS budget. Further, Mr. Arnold states in Attachment I, "The importance of this program is underscored by the fact that DHS has included the General Funds costs of the lease in the FY 2002-2003 baseline budget, in a year when General Fund support for DHS has been reduced by \$7.0 million."

Description:

The proposed resolution would authorize DHS to enter into a new ten year lease for 40,410 square feet of space, which includes the entire building at 945 Bryant Street, consisting of three floors, or approximately 13,470 square feet per floor. Included on the premises in addition to the 40,410 square feet of space are 29 off-street parking spaces. According to Ms. Janice Anderson-Santos of DHS, the facility would be used to house DHS's multi-service Family Assessment Center, at one location in order to provide services to families and children that are entering or are at risk of entering the child welfare system. Of the 40,410 square feet of space, the subject facility will provide 18,750 square feet or 275 square feet per City employee of office space for 68 employees, all of whom would be relocated from other locations (see table below). An additional 15,410 square feet of space would be used for a reception area, child play area, space for supervised visits, a dormitory, training and conference rooms, secure storage and a Multi-Disciplinary Interview Center for abused children.

The balance of 6,250 square feet (40,410 less 18,750 less 15,410) is surplus to the Department's needs (see Comment No. 5).

According to Mr. Arnold, the services to be offered at the Family Assessment Center include intake screening, needs assessment, counseling, overnight facilities, family visitation, sexual trauma investigation, public health screening and multi-disciplinary interview facilities.

As described in Attachment I, Mr. Arnold states that these services are currently provided by 68 employees at seven agencies located at 13 separate locations, including two

leased facilities and 10 City-owned facilities. Mr. Arnold further states in his memorandum that housing these services in one facility would provide a continuum of care for children and families facing multiple social problems. According to Mr. Arnold, the Family Assessment Center at 945 Bryant Street would serve approximately 1,400 children and families annually.

Mr. Arnold reports that a total of 68 employees would be located at the Family Assessment Center to provide family and child support services. These agencies include 1) DHS – 53 employees, 2) DPH - Mental Health – 5 employees, 3) DPH - Maternal and Child Health – 3 employees, 4) DPH - Child and Adolescent Sexual Abuse Resource Center – 3 employees 5) San Francisco Unified School District (SFUSD) – 2 employees, 6) Police Department – Juvenile Division – 1 employee, and 7) District Attorney's Office – 1 employee. Attachment II, provided by Mr. Arnold is a description of the services to be provided by each department. According to Mr. Arnold, DHS will be the lead agency at the Family Assessment Center since all of the clients would be DHS clients, and 53 of the 68 City employees who would work at the Family Assessment Center would be DHS employees.

Mr. Arnold states that the Family Assessment Center will house a total of 68 employees relocating from the following 13 locations:

City Agency	Total Number of Employees Relocating	Current Location and Number of Employees Relocating Per City-Owned Location	Current Location and Number of Employees Relocating Per Leased Location
DHS	53	1001 Potrero Ave (SFGH) – 26 170 Otis Street – 17	225 Valencia Street- 7 3801 Third Street – 3
DPH – Mental Health	5	1380 Howard Street – 2 SFGH – 2	3801 Third Street - 1
DPH – Maternal and Child Health	3	Five District Health Centers - 3	
DPH – Child and Adolescent Sexual Abuse Center	3	SFGH – 3	
District Attorney	<u>1</u>	850 Bryant Street - 1	
Police Dept. – Juvenile Division	1	3401 17 th Street - 1	
SFUSD ¹	<u>2</u>	555 Franklin Street - 2	
Total	68 employees		

Comments:

1. As shown in the table above, and according to Mr. Arnold, the 68 employees that will be relocated to 945 Bryant Street at the Family Assessment Center, are currently located at two leased facilities, 10 City owned facilities and one SFUSD facility, for a total of 13 separate locations as follows:

(a) City-owned facilities and SFUSD:

1. 1001 Potrero Avenue - San Francisco General Hospital (SFGH) is currently occupied by 26 DHS employees, two DPH – Mental Health employees, and three DPH – Child and Adolescent Sexual Abuse Center employees, for a total of 31 City employees who would relocate to 945 Bryant Street.
2. 170 Otis Street is currently occupied by 17 DHS employees who would relocate.

¹ Not City-owned.

3. 1380 Howard Street is currently occupied by two DHS employees who would relocate.
4. The five District Health Centers are currently occupied by three DPH – Maternal and Child Health employees who would relocate. These 3 employees work at all five sites.
5. 3401 17th Street is currently occupied by one Police Department – Juvenile Division employee who would relocate.
6. 850 Bryant Street is currently occupied by one District Attorney employee who would relocate.
7. 555 Franklin Street is currently occupied by two SFUSD employees who would relocate.

(b) Leased facilities:

1. 225 Valencia Street is occupied by seven DHS employees in 300 square feet of office space (an average of 42.86 square feet per employee) at approximately \$1.64 per square foot per month for \$492 per month, or \$5,904 annually with the lease ending in December of 2006.
 2. 3801 Third Street is occupied by three DHS employees and one DPH employee in 800 square feet of office space (an average of 200 square feet per employee) at approximately \$1.50 per square foot per month for \$1,200 per month, or \$14,400 annually with the lease ending in June of 2003.
2. The combined current leased facility space occupied by the eleven (seven plus four) City employees from the DHS and DPH total 1,100 square feet of office space (an average of 100 square feet per employee) for a combined total of \$1,692 per month, or \$20,304 annually. According to Mr. Arnold, the \$20,304 in annual rent payments for the two leased facilities will continue to be paid subsequent to the relocation of these eleven City employees.
3. According to Mr. Arnold, DHS moving costs from the current locations to the 945 Bryant Street facility, including new telephone and data lines, would be an estimated \$500 per employee, totaling \$26,500 for the 53 DHS employees, included in the FY 2001-2002 DHS budget. If this moving rate of \$500 per employee is applied to the other 15 employees, totaling \$7,500, it would cost \$34,000 (\$26,500 plus \$7,500) to move these employees to

945 Bryant Street. According to Mr. Arnold, the DPH, District Attorney's Office, Police Department, and SFUSD have agreed to cover moving costs for their respective employees from their existing FY 2001-2002 budgets.

4. As shown in Attachment I, Mr. Arnold reports that the total cost of furnishings for the subject facility is \$5,900 for 52 chairs and two file cabinets, included in the FY 2001-2002 budget. Mr. Arnold states that the subject facility already has built-in modular furniture including desks. He advises that at least 51 cabinets and chairs would be moved from the employees' current office space to 945 Bryant Street. Mr. Arnold further states that the desks previously used by the employees would be considered surplus and sent to the purchaser's warehouse. As of the writing of this report, Mr. Arnold was unable to determine the value of the modular furniture or the value of the existing furniture. Further, Mr. Arnold was unable to determine the cost of the furniture that was included in the rental cost of 945 Bryant Street.

5. According to Mr. Arnold, there is approximately 6,250 square feet of office space at the subject facility for which the DHS has no specific plans to use. Although Mr. Arnold states that it is "probable" that other nonprofit or governmental agencies will sublease this space, he can provide no guarantees that this will happen. According to Mr. Arnold, the following subleasing projections for the subject facility are based on subleasing agreements at a similar DHS leased facility located at 3120 Mission Street, as stated in Attachment I. Mr. Arnold states that if all of the additional office space were to be subleased, the reduced rental cost to DHS would total approximately \$12,250 per month (6,250 square feet times \$1.96 per square foot), or \$147,000 annually, plus utilities and janitorial cost of \$1,641 per month (allocated on the basis of approximately 15.5 percent of the total square feet), or \$19,692 annually, for a total cost savings of \$13,891 per month, or \$166,692 annually. According to Mr. Arnold, if the unused space is not subleased, DHS will assume the full cost of the lease, which will be included in DHS's budget. Mr. Arnold states that DHS is currently in the process of discussing co-location with several community-based organizations for the additional space. If such unused space is rented by DHS, the annual cost to the City

would be reduced to \$910,236, instead of the proposed cost of \$1,076, 928 in the first year of the lease.

6. Ms. Venegas reports that the monthly base rent of \$79,136.25 or approximately \$1.96 per square foot per month for the proposed 945 Bryant Street facility represents fair market value.

7. Approval of this lease would result in additional annual first year costs of \$1,076,928, including \$570,771 in General Fund monies, at a time when the City is facing a projected \$101 million General Fund shortfall. No reduced rental costs from the two leased facilities will occur, and no City employees would be transferred from other leased facilities to the City-owned space being vacated, in order to reduce the City's rental costs as a result of this proposed new lease at 945 Bryant Street. While Mr. Arnold emphasizes that 47 percent of the first year costs, or \$506,156 will be paid from State and Federal funds, these costs still represent taxpayer funds. Further, approval of this resolution would result in the DHS leasing 6,250 square feet of space in excess of the space required by the Department. In the professional judgement of the Budget Analyst, leasing 6,250 of unneeded space is questionable, with no guarantees whatsoever that such space would eventually be subleased by the Department. According to Ms. Venegas, the building owner would only lease the entire building to DHS and would not permit DHS to exclude the 6,250 square feet of space not needed by DHS. As of the writing of this report, it was undetermined whether the cost of modular furniture is included in the rental cost.

Recommendation: Approval of this proposed resolution is a policy matter for the Board of Supervisors for the reasons stated in Comment No. 7 above.

Date: May 1, 2002

To: Leanne Nhan
Budget Analyst's Office

From: Phil Arnold
Director of Finance and Policy
Department of Human Services

Re: Questions Concerning the Family Assessment Center

1. **Allocation of State and Federal revenues to the rent at 945 Bryant.** Rent for all DHS facilities is charged as overhead to the various funding sources that support DHS programs. The marginal reimbursement rate for the rent at 945 Bryant would be approximately 47%. Since the Family Assessment Center will include several different programs with different reimbursement rates, a precise allocation of the reimbursement between federal and state revenues can only be determined based on quarterly time-studies conducted by DHS staff members actually working at the site.
2. **Justification for the Family Assessment Center.** The Family Assessment Center (FAC) is a program that will consolidate fragmented services which are offered to at risk children and their families by seven City agencies at various sites in San Francisco. The FAC will house 68 staff members from these seven City agencies including the Department of Human Services (53), Department of Public Health – Mental Health (5), Department of Public Health – Maternal and Child Health (3), Unified School District (2) SFPD – Juvenile Division (1), District Attorney (1) and the Child and Adolescent Sexual Abuse Resource Center - CASARC (3). Locating all of these agencies at one site will provide a continuum of care for children and families facing multiple social problems. The services to be offered at this site include intake screening, needs assessment, counseling, overnight facilities, family visitation, sexual trauma investigation, public health screening and multi-disciplinary interview facilities. The partnership that this program represents is the product of over three years of planning involving all of the partner agencies. DHS estimates that services will be provided to approximately 1,400 children and their families on an annual basis.
3. **Allocation of Costs:** DHS is the lead agency for this program and will provide 53 of the 68 staff members from City agencies assigned to the Family Assessment Center. All of the families and children that will utilize the Center will be DHS clients. Therefore, DHS has agreed to fund the rent for this new facility. The importance of this program is underscored by the fact that DHS has included the General Fund costs of the lease in the FY 2002-2003 baseline budget, in a year when General Fund support for DHS has been reduced by \$7 million. Since DHS receives federal and state funding for its programs, approximately half of the rent costs will be provided by non-City

funding. Although site costs have not been allocated to the other participating City agencies, each participating department has agreed to fund its own staffing costs. If non-City agencies are located at this facility, rent-participation agreements will be negotiated.

4. **Sublease of the 6,250 Square Feet of Additional Space** - The Family Assessment Center has been designed with approximately 25,000 square feet of office space. Of this total, approximately 75% (18,750 square feet) has been allocated to the 68 staff from seven City agencies that will be relocating to this facility. The remaining 25% of the space (6,250 square feet) has been identified for use by other agencies, including non-profit community-based organizations, that may also wish to locate their programs at the Family Assessment Center. Agencies that choose to participate in the Family Assessment Center will be expected to pay an allocated portion of facility rent based on the space occupied. No such agreements have been negotiated as yet. However, discussions have been initiated with several agencies that have expressed an interest in relocating to the Family Assessment Center.

DHS has projected these space needs and allocations based on the new one-stop center located at 3120 Mission. DHS is the lessee of this site which includes DHS programs, EDD, the Department of Rehabilitation, the Private Industry Council and several non-profit organizations. Sub-lease agreements have been negotiated with seven of these organizations to help offset the DHS rent cost at 3120 Mission. The total annual value of these sub-lease agreements is approximately \$30,000.

Date: May 8, 2002

To: Leanne Nhan
Budget Analyst's Office

From: Phil Arnold
Director of Finance and Policy
Department of Human Services

Re: Responses to additional questions concerning the Family Assessment Center

SERVICES TO BE PROVIDED

The Family Assessment Center (FAC) is a new program that will consolidate fragmented services which are offered to at risk children and their families by seven City agencies at various sites in San Francisco. These seven City agencies include the Department of Human Services, Department of Public Health – Mental Health, Department of Public Health – Maternal and Child Health, Unified School District, SFPD – Juvenile Division, District Attorney and the Child and Adolescent Sexual Abuse Resource Center – CASARC. The specific services to be provided by each of these agencies are as follows:

Department of Human Services (DHS): DHS staff will provide overall administration of the facility and three basic services. The services include intake, screening and shelter for children who are removed from their birth families, relatives or other caretakers, supervision of family visits at the center and intensive case management for sexual trauma cases.

Department of Public Health (Mental Health): Mental Health staff will provide therapeutic early intervention services to minors who are separated from their families.

Department of Public Health (Maternal and Child Health): Maternal and Child Health staff will provide public health nurses to screen children who are brought to the FAC and to provide consultation to FAC staff and follow-up with families and caretakers.

Child and Adolescent Sexual Abuse Resource Center (CASARC): CASARC staff will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

SFPD – Juvenile Division: Staff from the SFPD – Juvenile Division will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

District Attorney: Staff from the District Attorney will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

San Francisco Unified School District (SFUSD): SFUSD will move staff from their screening and assessment team located at 555 Franklin to the FAC. This team performs State-required educational needs assessments and develops educational plans for minors assessed to ensure that identified needs are being addressed.

Item 10 - File 02-0665

Department: Public Utilities Commission (PUC)
Real Estate Division

Item: Resolution approving and authorizing the conveyance of a 20-foot by 2,350-foot water pipeline easement by the PUC to Ms. Jean C. Phleger in exchange for approximately 2.5 acres of land owned by Ms. Phleger in San Mateo County; adopting findings that the exchange is exempt from Environmental Review and is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, made certain modifications and take certain actions in furtherance of this resolution.

Description: The PUC currently owns more than 20,000 acres of watershed land that drains into the Crystal Springs Reservoir in San Mateo County which is operated by the Public Utilities Commission's Water Department. A portion of the PUC-owned 20,000 acres is adjacent to a 25-acre parcel of land owned by Ms. Jean C. Phleger, shown on the attached map (Attachment I). Ms. Phleger desires to access a municipal water source for domestic use and fire prevention to service her property, requiring one of the following two alternatives: (1) connecting with a water line owned by the California Water Service Group, a private firm under contract with the San Mateo County Water District or (2) obtaining an easement from the PUC to connect with an existing Skyline Water District Pipeline by placing a 2-inch plastic water pipe in a trench along an existing service road on PUC property. Carneghi Bautovich & Partners, which was retained by the Real Estate Division, appraised each alternative and concluded that the first alternative would cost Ms. Phleger \$160,000, whereas the second alternative would cost Ms. Phleger \$35,000. Because Ms. Phleger would save an estimated \$125,000 (\$160,000 less \$35,000) under the second alternative, Ms. Phleger is pursuing the second alternative by requesting that the PUC authorize conveyance of the water pipeline easement in exchange for the transfer of title to the PUC of 2.5 acres of Ms. Phleger's property in San Mateo County.

The proposed resolution would authorize the Director of Property to convey a 20-foot wide and 2,350-foot long water pipeline easement to Ms. Phleger in exchange for a deed to approximately 2.5 acres of watershed land currently owned by Ms. Phleger and contiguous with the more than 20,000 acre parcel which the PUC currently owns in San Mateo County. The proposed resolution also declares that the exchange of property is consistent with the City's General Plan and with the Eight Priority Policies of City Planning Code Section 101.1 and is exempt from Environmental Review.

Comments:

1. According to Mr. Larry Ritter of the Real Estate Division, the Real Estate Division retained Carneghi-Bautovich & Partners, Inc. to appraise the 2.5 acres of land currently owned by Ms. Phleger in February of 2002. Carneghi-Bautovich & Partners concluded that the value to the PUC of the 2.5 acres of watershed land was \$50,000 per acre, for a total of \$125,000 (2.5 x \$50,000). As noted in the attached memorandum (Attachment II) provided by Mr. Ritter, the value of the 2.5 acres of land currently owned by Ms. Phleger is equal to the value of the PUC water pipeline easement to be conveyed to Ms. Phleger. Mr. Ritter states, "It was merely a coincidence that the \$125,000 easement value equates to the value of the 2.5 acres of watershed land."

2. Mr. Ritter reports that in exchange for the PUC obtaining a deed to the 2.5 acres of land currently owned by Ms. Phleger, the PUC would grant a water pipeline easement to Ms. Phleger in order to allow the placement of a 2-inch water pipe along an existing service road, which currently travels through both the PUC and the Phleger property. As noted in Attachment II, Mr. Ritter reports that the effect of the water pipeline easement on the value of the more than 20,000 acres that the PUC owns is considered nominal.

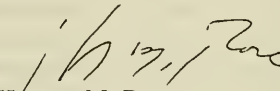
3. As shown on the attached map and explained in Attachment III, provided by Mr. Ritter, the existing service road currently travels through both the PUC and the Phleger property, including the approximately 2.5 acres that Ms. Phleger would transfer to the PUC under the proposed agreement. Mr. Ritter reports that under the proposed agreement Ms. Phleger would also (1) reserve an access and

utility easement over the portions of the service road that are located on the approximately 2.5 acres to be deeded to the PUC and (2) receive an access and utility easement over the portions of the service road that are located on PUC property. Mr. Ritter notes that the proposed agreement would provide a legal clarification of each party's interest in the service road.

4. According to Mr. Ritter, the Planning Department has determined that the proposed agreement is in conformance with the City's General Plan and the Eight Priority Policies of the City Planning Code and is Categorically Exempt from Environmental Review.

5. In summary, Mr. Ritter notes that in exchange for the PUC granting Ms. Phleger a water pipeline easement valued at \$125,000, the PUC would receive 2.5 acres of land from Ms. Phleger, also valued at \$125,000.

Recommendation: Approve the proposed resolution.

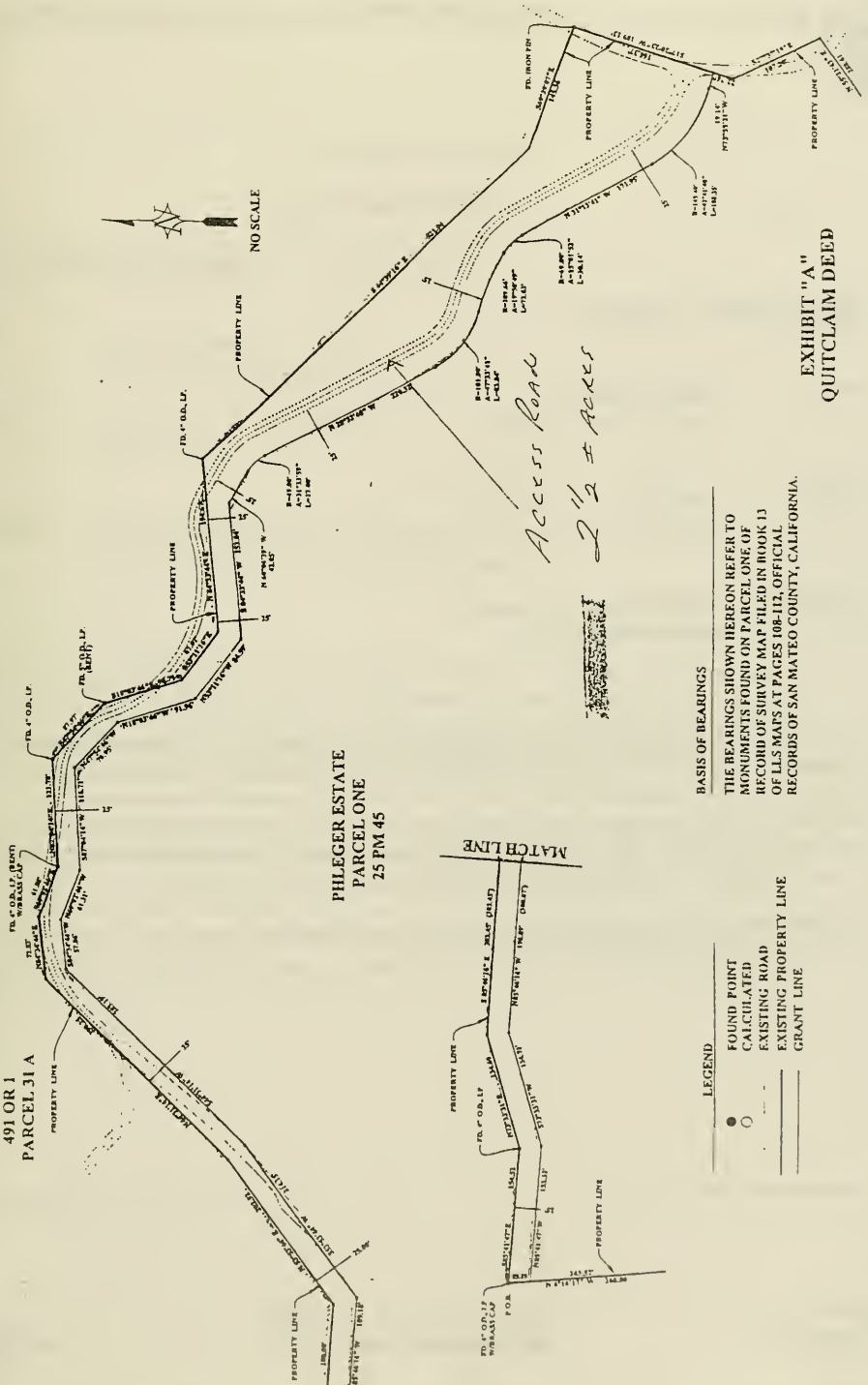

Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
President Ammiano
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

CITY & COUNTY OF SAN FRANCISCO

491 OR 1

PARCEL 31 A



BASIS OF BEARINGS

THE BEARINGS SHOWN HEREON REFER TO MONUMENTS FOUND ON PARCEL ONE, OF RECORD OF SURVEY MAP FILED IN BOOK 13 OF LLS MAPS AT PAGES 108-112, OFFICIAL RECORDS OF SAN MATEO COUNTY, CALIFORNIA.

EXHIBIT "A"
QUITCLAIM DEED

Access Road
2 1/2 ± Acres

— 100 —

LEGEND

FOUND POINT
CALCULATED
EXISTING ROAD
EXISTING PROPE
GRANT LINE

City and County of San Francisco

Real Estate Division

Administrative Services Department



MEMORANDUM

May 8, 2002

VIA FACSIMILE - 252-0461

TO: Katie Fitzpatrick
Budget Analyst's Office

FROM: Larry Ritter
Real Estate

A handwritten signature in black ink, appearing to be "Larry Ritter", written over the printed name.

SUBJECT: PUC/Phleger Exchange
San Mateo County

The value of the proposed waterline easement is the benefit to the property owner (Phleger). The benefit derived is a cost saving of \$125,000 (the difference in cost between the two waterline alternatives). The effect of the waterline easement on the value of the watershed land is considered nominal. The easement will run under an existing service road. The value of the Water Department property before and after the easement is considered for practical purposes to be equivalent.

It was merely a coincidence that the \$125,000 easement value equates to the value of 2.5 acres of watershed land.

LR15508PhlegerEst_KfitzpatrickMem2

City and County of San Francisco

Real Estate Division
Administrative Services Department



MEMORANDUM

May 7, 2002

VIA FACSIMILE – 252-0461

TO: Katie Fitzpatrick
Budget Analyst's Office

FROM: Larry Ritter
Real Estate

A handwritten signature in dark ink, appearing to be "Larry Ritter", written over the printed name.

SUBJECT: Clarification of the Access Road Title Issue
Phleger Property – San Mateo County

Presently, portions of the Water Department's access road to its watershed land lie within the Phleger 25± acre property. Additionally, portions of the Phleger access road meander onto the Water Department's property. Use of this dirt and gravel road has been through a mutual verbal understanding; no road easement agreement has ever been recorded.

As part of this transaction, the 2.5 acres being deeded to the Water Department contains the dirt and gravel road. The Water Department will therefore own the roadway which it currently uses without benefit of a recorded easement. Also as part of this transaction, Phleger will reserve an access and utility easement over the road within the 2.5 acres and over the portion which meanders outside the 2.5 acres onto the Water Department property. Each party will therefore have a recorded document protecting their respective interests.

LR15508PhlegerEst_JFitzpatrickMemo



City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Aaron Peskin and Chris Daly

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Gail Johnson

Wednesday, May 22, 2002

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Tom Ammiano.

Supervisor Ammiano appointed himself to serve as a member of the Finance Committee.

MEETING CONVENED

The meeting convened at 12:42 p.m.

020635

[Lease of Property]

Resolution authorizing the lease of real property at 945 Bryant Street, San Francisco, California, for the Public Library. (Real Estate Department)

(Fiscal impact; District 6.)

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

5/15/02, AMENDED. Heard in Committee.

Amended on page 1, line 3, by replacing "Human Services" with "Public Library."

5/15/02, CONTINUED. Heard in Committee. Speakers: John Kennedy, Deputy City Attorney; Susan Hildreth, City Librarian; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department.

Continued to 5/22/02.

Speakers: None.

Continued to 5/29/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020761

**[Certification to Accompany Application for State Grant for Excelsior Library Renovation]
Supervisor Sandoval**

Resolution certifying project budget, local funding, supplemental funding and public library operations pursuant to the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. (Public Library)

5/8/02, RECEIVED AND ASSIGNED to Neighborhood Services and Recreation Committee.

5/16/02, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Susan Hildreth, City Librarian; James Chafee; David Hooey, New Mission Terrace Improvement Association; Peter Warfield; Steve Currier, President, Outer Mission Residents Association.

To Board as a Committee Report, Monday, May 28, 2002.

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020554 [Agreement for the Purchase and Sale of Recycled Water]**Supervisors Maxwell, Peskin**

Resolution approving and authorizing the SFPUC General Manager to sign an Agreement for the Purchase and sale of recycled water between the SFPUC, the City of Daly City, and three local area golf courses (i.e. Olympic Club, San Francisco Golf Club and the Lake Merced Golf Club).

(Fiscal impact.)

4/8/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Maxwell; Harvey Rose, Budget Analyst; Josh Milstein, Deputy City Attorney; Mr. Carlin, Public Utilities Commission; Tim Cohen, Co-Chairman, Lake Merced Task Force; Dede Wortman, San Francisco Beautiful.

Supervisor Peskin added as co-sponsor.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020555 [First Amendment to Water Supply Contract]**Supervisors Maxwell, Peskin**

Resolution approving and authorizing the SFPUC General Manager to sign the First Amendment to the water supply contract between the City and County of San Francisco and the City of Daly City for purposes of conducting an Aquifer Recharge Study.

4/8/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Maxwell; Harvey Rose, Budget Analyst; Josh Milstein, Deputy City Attorney; Mr. Carlin, Public Utilities Commission; Tim Cohen, Co-Chairman, Lake Merced Task Force; Dede Wortman, San Francisco Beautiful.

Supervisor Peskin added as co-sponsor.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020755 [Pension Buy-Backs-Rollovers/Transfers]**Supervisor Daly**

Ordinance authorizing the Retirement System to accept rollovers and transfers from qualified and non-qualified tax plans for buybacks. (Retirement System)

(Requires nine votes to pass.)

5/8/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Clare Murphy, General Manager, Employees Retirement System.

Supervisor Daly added as sponsor.

To Board as a Committee Report, Monday, May 28, 2002.

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

The Chair will entertain a motion to continue consideration of the following item (File 020471) to a future meeting:

020471 [Increasing the Annual Residential Rent Ordinance Fee to a maximum of \$27.00 per unit]

Ordinance amending Administrative Code Chapter 37A "Residential Rent Stabilization and Arbitration Fee" by amending Sections 37A.2 and 37A.6 to increase the maximum annual residential rent ordinance fee from \$19 per unit in fiscal year 2000-2001 or \$16 per unit in other years, to \$27.00 per unit. (Rent Stabilization and Arbitration Board)

4/10/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be scheduled for consideration as soon as possible.

4/23/02 - Supervisor Ammiano waived the 30-day rule.

5/13/02, SUBSTITUTED. Residential Rent Stabilization and Arbitration Board submitted a substitute ordinance bearing new title.

5/13/02, ASSIGNED to Finance Committee.

Speakers: None.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

Transferred to Budget Committee.

REFERRED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020675 [Reserved Funds, Department of Public Works]

Hearing to request release of reserved funds, Department of Public Works (Fiscal Year 2001-2002 Budget), in the amount of \$150,000, to fund the Sloat Boulevard Median Island Landscape Improvements. (Public Works Department)

5/3/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst.

Release of reserved funds in the amount of \$150,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020708 [Lease of Real Property]

Supervisors Peskin, Daly

Resolution authorizing the lease of 18,862 sq. ft. of space at 1740 Folsom Street for the Sheriff's Department to consolidate training facilities. (Real Estate Department)

(Fiscal impact; Public Benefit Recipient; District 6.)

5/6/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Michael Hennessey, Sheriff.

Supervisors Peskin and Daly added as co-sponsors.

To Board as a Committee Report, Monday, May 28, 2002.

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020709 [Lease of Real Property]
Supervisors Peskin, Daly**

Resolution authorizing the lease of 4,997 sq. ft. of space at 555 7th Street to the San Francisco PreTrial Diversion Project. (Real Estate Department)

(Public Benefit Recipient; District 6.)

5/6/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Michael Hennessey, Sheriff.

Supervisors Peskin and Daly added as co-sponsors.

To Board as a Committee Report, Monday, May 28, 2002.

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020704 [Appropriating Funding for Moving the Sheriff to 1740 Folsom Street]
Supervisors Peskin, Daly**

Ordinance appropriating \$351,858 from Federal funding for housing prisoners for one-time expenses associated with moving the Sheriff's training and other departmental services to 1740 Folsom Street fiscal year 2001-02. (Controller)

(Fiscal impact.)

5/6/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Michael Hennessey, Sheriff.

Supervisors Peskin and Daly added as co-sponsors.

To Board as a Committee Report, Monday, May 28, 2002.

RECOMMENDED AS COMMITTEE REPORT by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020752 [State funds transfer to CMHDA for contract services to improve mental health treatment for children in foster care and other children placed outside of San Francisco]

Resolution endorsing the transfer of State general funds from the State to the California Mental Health Directors Association for a contract to provide services to foster care and other Medi-Cal eligible children placed outside of San Francisco, for the period of July 1, 2001 through June 30, 2002. (Public Health Department)

5/7/02, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the May 22, 2002 meeting.

5/10/02 - Referred to Youth Commission for comment and recommendation.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Albert Eng, Community Mental Health Services, Department of Public Health.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

ADJOURNMENT

The meeting adjourned at 1:44 p.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

May 16, 2002

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: May 22, 2002 Finance Committee Meeting

DOCUMENTS DEPT.

MAY 22 2002

**SAN FRANCISCO
PUBLIC LIBRARY**

Item 1 - File 02-0635

Note: This item was continued by the Finance Committee at its meeting of May 15, 2002. The Committee is considering a proposal for the Public Library, instead of the Department of Human Services, to occupy the 945 Bryant Street building.

Departments: Department of Administrative Services, Real Estate Division (RED)
Department of Human Services (DHS)

Item: Resolution authorizing a new lease of the entire building, and 29 parking spaces located at 945 Bryant Street for the Department of Human Services.

Location: 945 Bryant Street between 7th Street and 8th Street.

Purpose of Lease: To consolidate the Family Assessment Program into one location, where the DHS, Department of Public Health (DPH), Police Department, District Attorney's Office, and San Francisco Unified School District (SFUSD) will offer services to families and "at risk" children in the child welfare system.

Lessor: 945 Bryant Street, Limited Liability Company

Lessee: City and County of San Francisco, acting by and through DHS.

Memo to Finance Committee
May 22, 2002 Finance Committee Meeting

Term of Lease: Ten-years. Anticipated commencement date is 45 days after approval by the Board of Supervisors.

No. of Sq. Ft. and Cost Per Month: 40,410 square feet at a base monthly rate of \$79,136.25, or approximately \$1.96 per square foot per month, totaling \$949,635 per year, or \$23.50 per square foot annually.

Increase to the Base Rent: The base monthly rent is subject to a one-time Consumer Price Index (CPI) adjustment for the San Francisco Metropolitan Area at the start of the sixth year of the proposed 10 year lease, of no less than 15 percent and no more than 35 percent. No other CPI adjustments are to be made according to Ms. Claudine Venegas of the RED, to the proposed lease rents.

Right of Renewal: Six options of five years each to extend the term of the lease, or a total of up to 30 additional years. Each five year option to extend would increase the base rent to 95 percent of the then fair market value, as determined by an independent appraiser retained by both parties, if a fair market value cannot be negotiated, for space of comparable size, age, quality, and location within the South of Market area of the City. According to Ms. Venegas, no CPI adjustments to the rent are to be made under the six option periods.

Utilities: To be paid by the City at an estimated annual cost of \$58,595 (approximately \$4,883 per month).

Janitorial Services: To be provided by the City at an estimated annual cost of \$68,697 (approximately \$5,725 per month).

Total Estimated First Year Cost of Lease: \$1,076,927 (\$949,635 plus \$58,595 plus \$68,697)

Tenant

Improvements: According to Ms. Venegas, the landlord would be required to pay for tenant improvements to the premises, not to exceed \$140,000. Tenant improvements would include costs for permits and approvals, government fees, licenses, inspections, construction, and building improvements. According to Ms. Venegas, the principal tenant improvement to be made will be the reconfiguration of existing workstations within the subject facility, which according to Ms. Venegas will be completed before the commencement of the lease.

Source of Funds: As described in the memorandum, provided by Mr. Phil Arnold of DHS (Attachment I), payments for the base rent would be funded by 47 percent State and Federal revenues, and 53 percent of the base rent would be funded by General Fund monies, subject to appropriation approval by the Board of Supervisors in the DHS annual budget. According to Mr. Arnold, since the families and children utilizing the Family Assessment Center will be DHS clients, DHS has agreed to fund the \$79,136.25 monthly, or \$949,635 annual rent cost, as well as the \$10,608 monthly, or \$127,292 (\$58,595 plus \$68,697) annual janitorial and utilities cost, for a total cost to DHS of \$89,744 monthly, or \$1,076,927 annually. Of this annual cost, 47 percent would be paid from State and Federal funds or \$506,156, and 53 percent, or \$570,771, would be paid by the City's General Fund.

Mr. Arnold states that the cost of the proposed lease for the remainder of Fiscal Year 2001-2002 is estimated to total approximately \$89,744.25, for the month of June 2002 including the cost for the base rent of \$79,136.25 plus one month's utilities and janitorial costs of \$10,608. Mr. Arnold advises that this one-month cost is available in the DHS FY 2001-2002 budget. Subsequent rent payments and related costs would be subject to appropriation approval by the Board of Supervisors in the DHS budget. Further, Mr. Arnold states in Attachment I, "The importance of this program is underscored by the fact that DHS has included the General Funds costs of the lease in the FY 2002-2003 baseline budget, in a year when General Fund support for DHS has been reduced by \$7.0 million."

Description: The proposed resolution would authorize DHS to enter into a new ten year lease for 40,410 square feet of space, which

includes the entire building at 945 Bryant Street, consisting of three floors, or approximately 13,470 square feet per floor. Included on the premises in addition to the 40,410 square feet of space are 29 off-street parking spaces. According to Ms. Janice Anderson-Santos of DHS, the facility would be used to house DHS's multi-service Family Assessment Center, at one location in order to provide services to families and children that are entering or are at risk of entering the child welfare system. Of the 40,410 square feet of space, the subject facility will provide 18,750 square feet or 275 square feet per City employee of office space for 68 employees, all of whom would be relocated from other locations (see table below). An additional 15,410 square feet of space would be used for a reception area, child play area, space for supervised visits, a dormitory, training and conference rooms, secure storage and a Multi-Disciplinary Interview Center for abused children.

The balance of 6,250 square feet (40,410 less 18,750 less 15,410) is surplus to the Department's needs (see Comment No. 5).

According to Mr. Arnold, the services to be offered at the Family Assessment Center include intake screening, needs assessment, counseling, overnight facilities, family visitation, sexual trauma investigation, public health screening and multi-disciplinary interview facilities.

As described in Attachment I, Mr. Arnold states that these services are currently provided by 68 employees at seven agencies located at 13 separate locations, including two leased facilities and 10 City-owned facilities. Mr. Arnold further states in his memorandum that housing these services in one facility would provide a continuum of care for children and families facing multiple social problems. According to Mr. Arnold, the Family Assessment Center at 945 Bryant Street would serve approximately 1,400 children and families annually.

Mr. Arnold reports that a total of 68 employees would be located at the Family Assessment Center to provide family and child support services. These agencies include 1) DHS – 53 employees, 2) DPH - Mental Health – 5 employees, 3) DPH - Maternal and Child Health – 3 employees, 4) DPH - Child and Adolescent Sexual Abuse Resource Center – 3 employees 5) San Francisco Unified School District

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
 May 22, 2002 Finance Committee Meeting

(SFUSD) – 2 employees, 6) Police Department – Juvenile Division – 1 employee, and 7) District Attorney’s Office – 1 employee. Attachment II, provided by Mr. Arnold is a description of the services to be provided by each department. According to Mr. Arnold, DHS will be the lead agency at the Family Assessment Center since all of the clients would be DHS clients, and 53 of the 68 City employees who would work at the Family Assessment Center would be DHS employees.

Mr. Arnold states that the Family Assessment Center will house a total of 68 employees relocating from the following 13 locations:

City Agency	Total Number of Employees Relocating	Current Location and Number of Employees Relocating Per City-Owned Location	Current Location and Number of Employees Relocating Per Leased Location
DHS	53	1001 Potrero Ave (SFGH) – 26 170 Otis Street – 17	225 Valencia Street- 7 3801 Third Street – 3
DPH – Mental Health	5	1380 Howard Street – 2 SFGH – 2	3801 Third Street - 1
DPH – Maternal and Child Health	3	Five District Health Centers - 3	
DPH – Child and Adolescent Sexual Abuse Center	3	SFGH – 3	
District Attorney	1	850 Bryant Street - 1	
Police Dept. – Juvenile Division	1	3401 17 th Street - 1	
SFUSD ¹	2	555 Franklin Street - 2	
Total	68 employees		

Comments:

1. As shown in the table above, and according to Mr. Arnold, the 68 employees that will be relocated to 945 Bryant Street at the Family Assessment Center, are currently located at two leased facilities, 10 City owned facilities and one SFUSD facility, for a total of 13 separate locations as follows:

¹ Not City-owned.

(a) City-owned facilities and SFUSD:

1. 1001 Potrero Avenue - San Francisco General Hospital (SFGH) is currently occupied by 26 DHS employees, two DPH - Mental Health employees, and three DPH - Child and Adolescent Sexual Abuse Center employees, for a total of 31 City employees who would relocate to 945 Bryant Street.
2. 170 Otis Street is currently occupied by 17 DHS employees who would relocate.
3. 1380 Howard Street is currently occupied by two DHS employees who would relocate.
4. The five District Health Centers are currently occupied by three DPH - Maternal and Child Health employees who would relocate. These 3 employees work at all five sites.
5. 3401 17th Street is currently occupied by one Police Department - Juvenile Division employee who would relocate.
6. 850 Bryant Street is currently occupied by one District Attorney employee who would relocate.
7. 555 Franklin Street is currently occupied by two SFUSD employees who would relocate.

(b) Leased facilities:

1. 225 Valencia Street is occupied by seven DHS employees in 300 square feet of office space (an average of 42.86 square feet per employee) at approximately \$1.64 per square foot per month for \$492 per month, or \$5,904 annually with the lease ending in December of 2006.
2. 3801 Third Street is occupied by three DHS employees and one DPH employee in 800 square feet of office space (an average of 200 square feet per employee) at approximately \$1.50 per square foot per month for \$1,200 per month, or \$14,400 annually with the lease ending in June of 2003.
2. The combined current leased facility space occupied by the eleven (seven plus four) City employees from the DHS and DPH total 1,100 square feet of office space (an average of 100 square feet per employee) for a combined total of \$1,692 per month, or \$20,304 annually. According to Mr. Arnold, the \$20,304 in annual rent payments for the two

leased facilities will continue to be paid subsequent to the relocation of these eleven City employees.

3. According to Mr. Arnold, DHS moving costs from the current locations to the 945 Bryant Street facility, including new telephone and data lines, would be an estimated \$500 per employee, totaling \$26,500 for the 53 DHS employees, included in the FY 2001-2002 DHS budget. If this moving rate of \$500 per employee is applied to the other 15 employees, totaling \$7,500, it would cost \$34,000 (\$26,500 plus \$7,500) to move these employees to 945 Bryant Street. According to Mr. Arnold, the DPH, District Attorney's Office, Police Department, and SFUSD have agreed to cover moving costs for their respective employees from their existing FY 2001-2002 budgets.

4. As shown in Attachment I, Mr. Arnold reports that the total cost of furnishings for the subject facility is \$5,900 for 52 chairs and two file cabinets, included in the FY 2001-2002 budget. Mr. Arnold states that the subject facility already has built-in modular furniture including desks. He advises that at least 51 cabinets and chairs would be moved from the employees' current office space to 945 Bryant Street. Mr. Arnold further states that the desks previously used by the employees would be considered surplus and sent to the purchaser's warehouse. As of the writing of this report, Mr. Arnold was unable to determine the value of the modular furniture or the value of the existing furniture. Further, Mr. Arnold was unable to determine the cost of the furniture that was included in the rental cost of 945 Bryant Street.

5. According to Mr. Arnold, there is approximately 6,250 square feet of office space at the subject facility for which the DHS has no specific plans to use. Although Mr. Arnold states that it is "probable" that other nonprofit or governmental agencies will sublease this space, he can provide no guarantees that this will happen. According to Mr. Arnold, the following subleasing projections for the subject facility are based on subleasing agreements at a similar DHS leased facility located at 3120 Mission Street, as stated in Attachment I. Mr. Arnold states that if all of the additional office space were to be subleased, the reduced rental cost to DHS would total approximately \$12,250 per month (6,250 square feet times \$1.96 per

square feet), or \$147,000 annually, plus utilities and janitorial cost of \$1,641 per month (allocated on the basis of approximately 15.5 percent of the total square feet), or \$19,692 annually, for a total cost savings of \$13,891 per month, or \$166,692 annually. According to Mr. Arnold, if the unused space is not subleased, DHS will assume the full cost of the lease, which will be included in DHS's budget. Mr. Arnold states that DHS is currently in the process of discussing co-location with several community-based organizations for the additional space. If such unused space is rented by DHS, the annual cost to the City would be reduced to \$910,236, instead of the proposed cost of \$1,076, 928 in the first year of the lease.

6. Ms. Venegas reports that the monthly base rent of \$79,136.25 or approximately \$1.96 per square foot per month for the proposed 945 Bryant Street facility represents fair market value.

7. Approval of this lease would result in additional annual first year costs of \$1,076,928, including \$570,771 in General Fund monies, at a time when the City is facing a projected \$101 million General Fund shortfall. No reduced rental costs from the two leased facilities will occur, and no City employees would be transferred from other leased facilities to the City-owned space being vacated, in order to reduce the City's rental costs as a result of this proposed new lease at 945 Bryant Street. While Mr. Arnold emphasizes that 47 percent of the first year costs, or \$506,156 will be paid from State and Federal funds, these costs still represent taxpayer funds. Further, approval of this resolution would result in the DHS leasing 6,250 square feet of space in excess of the space required by the Department. In the professional judgement of the Budget Analyst, leasing 6,250 of unneeded space is questionable, with no guarantees whatsoever that such space would eventually be subleased by the Department. According to Ms. Venegas, the building owner would only lease the entire building to DHS and would not permit DHS to exclude the 6,250 square feet of space not needed by DHS.

Recommendation: Approval of this proposed resolution is a policy matter for the Board of Supervisors for the reasons stated in Comment No. 7 above.

Date: May 1, 2002

To: Leanne Nhan
Budget Analyst's Office

From: Phil Arnold
Director of Finance and Policy
Department of Human Services

Re: Questions Concerning the Family Assessment Center

1. **Allocation of State and Federal revenues to the rent at 945 Bryant.** Rent for all DHS facilities is charged as overhead to the various funding sources that support DHS programs. The marginal reimbursement rate for the rent at 945 Bryant would be approximately 47%. Since the Family Assessment Center will include several different programs with different reimbursement rates, a precise allocation of the reimbursement between federal and state revenues can only be determined based on quarterly time-studies conducted by DHS staff members actually working at the site.
2. **Justification for the Family Assessment Center.** The Family Assessment Center (FAC) is a program that will consolidate fragmented services which are offered to at risk children and their families by seven City agencies at various sites in San Francisco. The FAC will house 68 staff members from these seven City agencies including the Department of Human Services (53), Department of Public Health – Mental Health (5), Department of Public Health – Maternal and Child Health (3), Unified School District (2) SFPD – Juvenile Division (1), District Attorney (1) and the Child and Adolescent Sexual Abuse Resource Center - CASARC (3). Locating all of these agencies at one site will provide a continuum of care for children and families facing multiple social problems. The services to be offered at this site include intake screening, needs assessment, counseling, overnight facilities, family visitation, sexual trauma investigation, public health screening and multi-disciplinary interview facilities. The partnership that this program represents is the product of over three years of planning involving all of the partner agencies. DHS estimates that services will be provided to approximately 1,400 children and their families on an annual basis.
3. **Allocation of Costs:** DHS is the lead agency for this program and will provide 53 of the 68 staff members from City agencies assigned to the Family Assessment Center. All of the families and children that will utilize the Center will be DHS clients. Therefore, DHS has agreed to fund the rent for this new facility. The importance of this program is underscored by the fact that DHS has included the General Fund costs of the lease in the FY 2002-2003 baseline budget, in a year when General Fund support for DHS has been reduced by \$7 million. Since DHS receives federal and state funding for its programs, approximately half of the rent costs will be provided by non-City

funding. Although site costs have not been allocated to the other participating City agencies, each participating department has agreed to fund its own staffing costs. If non-City agencies are located at this facility, rent-participation agreements will be negotiated.

4. **Sublease of the 6,250 Square Feet of Additional Space** - The Family Assessment Center has been designed with approximately 25,000 square feet of office space. Of this total, approximately 75% (18,750 square feet) has been allocated to the 68 staff from seven City agencies that will be relocating to this facility. The remaining 25% of the space (6,250 square feet) has been identified for use by other agencies, including non-profit community-based organizations, that may also wish to locate their programs at the Family Assessment Center. Agencies that choose to participate in the Family Assessment Center will be expected to pay an allocated portion of facility rent based on the space occupied. No such agreements have been negotiated as yet. However, discussions have been initiated with several agencies that have expressed an interest in relocating to the Family Assessment Center.

DHS has projected these space needs and allocations based on the new one-stop center located at 3120 Mission. DHS is the lessee of this site which includes DHS programs, EDD, the Department of Rehabilitation, the Private Industry Council and several non-profit organizations. Sub-lease agreements have been negotiated with seven of these organizations to help offset the DHS rent cost at 3120 Mission. The total annual value of these sub-lease agreements is approximately \$30,000.

Date: May 8, 2002

To: Leanne Nhan
Budget Analyst's Office

From: Phil Arnold
Director of Finance and Policy
Department of Human Services

Re: Responses to additional questions concerning the Family Assessment Center

SERVICES TO BE PROVIDED

The Family Assessment Center (FAC) is a new program that will consolidate fragmented services which are offered to at risk children and their families by seven City agencies at various sites in San Francisco. These seven City agencies include the Department of Human Services, Department of Public Health – Mental Health, Department of Public Health – Maternal and Child Health, Unified School District, SFPD – Juvenile Division, District Attorney and the Child and Adolescent Sexual Abuse Resource Center – CASARC. The specific services to be provided by each of these agencies are as follows:

Department of Human Services (DHS): DHS staff will provide overall administration of the facility and three basic services. The services include intake, screening and shelter for children who are removed from their birth families, relatives or other caretakers, supervision of family visits at the center and intensive case management for sexual trauma cases.

Department of Public Health (Mental Health): Mental Health staff will provide therapeutic early intervention services to minors who are separated from their families.

Department of Public Health (Maternal and Child Health): Maternal and Child Health staff will provide public health nurses to screen children who are brought to the FAC and to provide consultation to FAC staff and follow-up with families and caretakers.

Child and Adolescent Sexual Abuse Resource Center (CASARC): CASARC staff will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

SFPD – Juvenile Division: Staff from the SFPD – Juvenile Division will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

District Attorney: Staff from the District Attorney will assist in the multi-disciplinary interview center where children who have been abused sexually or who suffer from serious physical abuse can be interviewed and, if appropriate, videotaped. The videotapes are utilized in court to avoid the need to have minors testify in person.

San Francisco Unified School District (SFUSD): SFUSD will move staff from their screening and assessment team located at 555 Franklin to the FAC. This team performs State-required educational needs assessments and develops educational plans for minors assessed to ensure that identified needs are being addressed.

Item 2 - File 02-0761

Department: Public Library

Item: Resolution certifying the Public Library's grant application in the amount of \$2,683,850 to the State Library, for the renovation of the Excelsior Branch Library, including the certification of the Excelsior Branch Library renovation project budget and the certification of the source of the matching funds required by the subject State grant.

Source of Funds: California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14), which is administered by the State Library (see Comment No. 1)

Grant Amount: \$2,683,850 (65% of total estimated State eligible project costs of \$4,129,000)

Grant Period: July 1, 2002 through March 31, 2005 (2 years 8 months)

Required Match: \$1,445,150 or 35% of total estimated State eligible project costs of \$4,129,000 (see Comment No. 2)

**Source of Funds
For City Match:** \$1,270,150 from the City's Branch Library Facilities Improvement Bonds and \$175,000 The Friends & Foundation of the San Francisco Public Library

Indirect Costs: The grant terms prohibit the inclusion of indirect costs in the grant budget.

Description: According to Mr. George Nichols of the Public Library, although the City's Administrative Code does not currently require Board of Supervisors approval to apply for a grant, the State grant guidelines for this subject grant require that the Board of Supervisors to certify the grant application, including the certification of the Excelsior Branch Library renovation project budget and the certification of the source of the matching funds required by the subject State grant, prior to submission of the grant application to the State Library for consideration. Mr. Nichols advises that if the State

Library awards such grant funds to the Public Library for the renovation of the Excelsior Branch Library, the Public Library will request separate approval from the Board of Supervisors to accept and expend the grant funds.

On November 7, 2000, San Francisco voters approved Proposition A, Branch Library Facilities Improvement Bonds, which authorized the City to issue up to \$105,865,000 in General Obligation Bonds to (1) rehabilitate, renovate, and improve 19 existing Branch Libraries; (2) acquire land and construct four new City-owned Branch Libraries to replace Branch Libraries currently housed in leased facilities; (3) construct a new Branch Library in the Mission Bay neighborhood; and, (4) provide a facility for a system-wide administrative support center. Attachment I, provided by the Public Library is a list of the 19 existing Branch Libraries and four new Branch Libraries that would be rehabilitated under the Branch Libraries Improvement Bond Act, including the Excelsior Branch Library.

Mr. Nichols advises that the renovation of the Excelsior Branch Library is one of the 19 Branch Library renovation projects approved by the San Francisco voters in November of 2000. The Excelsior Branch Library is a City-owned facility located at 4400 Mission Street and occupies 8,322 square feet. Mr. Nichols reports that the renovation of the Excelsior Branch Library includes (a) seismic reinforcement of the existing structure; (b) renovation of the electrical, mechanical and life-safety systems; (c) renovation of the existing service counters and bathrooms to meet Americans with Disabilities Act (ADA) standards; (d) redesigning existing floor space; (e) new furniture, fixtures and equipment; (f) new floor finishes; and, (g) painting. Mr. Nichols states that the proposed improvements would expand the usable square footage of the Excelsior Branch Library by 234 square feet from 8,322 square feet to 8,556 square feet.

Mr. Nichols advises that construction of the Excelsior Branch Library renovations are anticipated to begin in September of 2003 and to be completed in September of 2004 or approximately one year.

Budget:

Although, as previously stated, the State's eligible project costs total \$4,129,000, the Excelsior Branch Library renovation project is estimated to cost a total of \$4,319,000, or \$190,000 more than the State's eligible costs. Attachment II, provided by the Public Library, contains estimated budget details totaling \$4,319,000. According to Mr. Nichols, \$190,000 in renovation-related costs are ineligible for State grant funding because the \$190,000 includes (a) \$140,000 for Local Project Administration costs for the Bond Program Manager to manage the Excelsior Branch Library renovation project, (b) \$30,000 for Relocation and Moving Costs to move the Branch Library's books and furnishings out of the Branch Library, store them during the construction and move the materials back into the Branch Library when construction is complete, and (c) \$20,000 for new books and materials for the Excelsior Branch Library that would be purchased after the renovation is complete. Mr. Nichols further advises that the \$140,000 in Local Project Administration Costs was appropriated in the Public Library's FY 2001-2002 budget from the City's Branch Library Improvement Program Bond monies, the \$30,000 in Relocation and Moving Costs, would be funded from the City's Branch Library Improvement Program Bond monies, which is included in the Public Library's FY 2002-2003 budget request, and the \$20,000 for new books and materials will be subject to future appropriation approval in the Public Library's operating budget for Fiscal Year 2004-2005 when it is anticipated that the Excelsior Branch Library will reopen.

**Project Funding
Sources:**

California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000, Proposition 14 (subject of this resolution)	\$2,683,850
Proposition A, Branch Library Facilities Improvement Bonds (\$1,270,150 plus \$140,000 plus \$30,000)	1,440,150
The Friends & Foundation of the San Francisco Public Library	175,000
FY 2004-2005 Public Library Operating Budget	<u>20,000</u>
Total Funding Sources	\$4,319,000

Comments:

1. In March of 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14). According to Mr. Nichols, these State Bond monies must be used for library construction and remodeling projects and will be awarded on a competitive basis. Mr. Nichols advises that the subject grant application must be submitted to the State Library by June 14, 2002 for the first cycle of Proposition 14 grant applications. The Public Library will submit additional Proposition 14 grant applications in the second cycle (due in March of 2003) and the third cycle (due in January of 2004).

2. Mr. Nichols advises that the subject grant requires \$1,445,150 in matching funds or 35 percent of total estimated State eligible costs of \$4,129,000. Of the \$1,445,150 in matching funds, \$1,270,150 would be provided by the City's Branch Library Facilities Improvement Bond monies and \$175,000 would be provided by The Friends & Foundation of the San Francisco Public Library, a nonprofit organization, for furniture, fixtures and equipment for the Excelsior Branch Library (see Comment No. 3).

3. Mr. Nichols notes that the City's Branch Library Improvement Bonds prohibits the use of the City's Branch Library Improvement Bond monies for furniture, fixtures and equipment, which are estimated to cost \$500,000 for the Excelsior Branch Library. Therefore, the estimated furniture, fixtures and equipment costs, totaling \$500,000 will be funded as follows: (a) \$325,000 from the subject grant; and, (b) \$175,000 from the Friends & Foundation of the San Francisco Public Library.

4. According to Mr. Nichols, the Department of Public Works (DPW) will provide architectural, engineering and construction management services, with the assistance of as-needed specialized consultants under contract with DPW, for the Excelsior Branch Library renovation project. Mr. Nichols advises that the specialized consultants would be selected through a Request for Proposals process. Mr. Nichols further advises that the construction contracts would be awarded on a competitive bid basis.

Memo to Finance Committee
May 22, 2002 Finance Committee Meeting

According to Mr. Nichols, additional budget details, including hours and hourly rates, will be available when the Public Library has awarded the construction and consultant contracts at which time the Public Library will request Board of Supervisors approval to accept and expend the State grant funds.

5. If the City is not awarded the full amount of the subject State grant funds of \$2,683,850, Mr. Nichols advises that funding will be supplemented through the Public Library's Bond Fund Reserve of \$5,500,000.

Recommendation: Approve the proposed resolution.

5/15/02

BRANCH LIBRARY IMPROVEMENT BOND PROGRAM

Branch	Proposed Budget
<i>Excelsior</i>	<i>3,629,000</i>
Marina	3,904,500
Mission Bay	3,975,100
Noe Valley	4,189,500
Parkside	2,736,000
Richmond	7,248,500
Glen Park	4,698,000
Visitation Valley	5,158,500
Admin Support Svcs Center	8,626,000
Ingleside	4,430,000
Portola	4,430,000
North Beach	3,287,000
Sunset	1,415,500
West Portal	3,904,500
Bayview	3,629,000
Eureka Valley	4,351,000
Ortega	3,382,000
Western Addition	3,258,500
Anza	4,503,000
Bernal Heights	5,082,500
Golden Gate Valley	5,073,000
Potrero	4,018,500
Merced	3,990,000
Park	1,244,500
Presidio	1,453,500
Library Program Management	800,000
Program Consultants	750,000
City Program Management	3,600,000
Real Estate Dept	120,000
Relocation & Moving Reserve	4,320,000
Bond Financing Costs	1,500,000
Reserve	5,557,400
Total	118,265,000

NOTE: Project specific costs represent funds for acquisition, planning, and construction. Program management, relocation, and other costs are separate budget line items.

Library Project Budget (All projects except Multipurpose Projects)

If there are no costs in any line item below for the project, specify by putting a zero "0" in the blank provided.

Line Items:		Eligible	Ineligible
1)	New Construction..... >	\$ 70,000	\$ 0
2)	Remodeling Construction..... >	\$ 2,230,000	\$ 0
3)	Contingency..... >	\$ 341,500	\$ 0
4)	Appraised Value of Building..... >	\$ 0	\$ 0
5)	Appraised Value of Land..... >	\$ 0	\$ 0
6)	Site Development..... >	\$ 38,500	\$ 0
7)	Site Demolition..... >	\$ 0	\$ 0
8)	Site Permits & Fees..... >	\$ 33,400	\$ 0
9)	Site Option to Purchase Agreement..... >	\$ 0	\$ 0
10)	Furnishings & Equipment Costs..... >	\$ 500,000	\$ 0
11)	Signage..... >	\$ 33,500	\$ 0
12)	Architectural & Engineering Costs..... >	\$ 452,100	\$ 0
13)	Construction Cost Estimator Fees..... >	\$ 35,000	\$ 0
14)	Interior Designer Fees..... >	\$ 50,000	\$ 0
15)	Geotechnical/Geohazard Reports..... >	\$ 0	\$ 0
16)	Hazardous Materials Consultant Fees..... >	\$ 10,000	\$ 0
17)	Energy Audit, Structural Engineering, Feasibility & ADA Studies..... >	\$ 75,000	\$ 0
18)	Library Consultant Fee..... >	\$ 15,000	\$ 0
19)	Construction Project Management..... >	\$ 185,000	\$ 0
20)	Other Professional Fees..... >	\$ 60,000	\$ 0
21)	Local Project Administration Costs..... >	\$ 0	\$ 140,000
22)	Works of Art..... >	\$ 0	\$ 0
23)	Relocation Costs & Moving Costs..... >	\$ 0	\$ 30,000
24)	Acquisition of Library Materials..... >	\$ 0	\$ 20,000
25)	Other (Specify): _____ >	\$ 0	\$ 0
26)	Other (Specify): _____ >	\$ 0	\$ 0
27)	Other (Specify): _____ >	\$ 0	\$ 0
28)	TOTAL PROJECT COSTS:..... >	\$ 4,129,000	\$ 190,000

Sources of Project Revenue (All projects except Multipurpose Projects)

29)	State Matching Funds (65% of Line 28 ¹ Eligible Costs).....	>	\$	2,683,850
30)	Local Matching Funds (Line 28 Eligible Costs minus Line 29).....	>	\$	1,445,150
	<i>[Must also equal the total of Lines 31 - 35]</i>			

Sources of Local Matching Funds:

31)	City.....	>	\$	1,270,150
32)	County.....	>	\$	0
33)	Special District.....	>	\$	0
34)	Private.....	>	\$	175,000
35)	Other (Specify):	>	\$	0
36)	Local Credits [Land ² and A&E Fees].....	>	\$	0
37)	Adjusted Local Match [Line 30 minus Line 36].....	>	\$	1,445,150
38)	Supplemental Local Funds [Same as Line 28 ineligible].....	>	\$	190,000
39)	TOTAL PROJECT INCOME: [Add Lines 29, 30, and 38].....	>	\$	4,319,000

¹ Up to a maximum of \$20,000,000² Land credit is not allowed for land acquired by funds from the "Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998" [See Education Code section 19995 (c) which references Part 68 (commencing with section 100400 of the Education Code)]

Department: Public Utilities Commission (PUC)

Item: Resolution approving and authorizing the PUC General Manager to execute an Agreement for the Purchase and Sale of Recycled Water (Agreement) between the PUC, Daly City, the North San Mateo County Sanitation District, a municipal corporation and subsidiary of Daly City, and the following three local, private golf clubs: (1) the Olympic Club located in both San Francisco and San Mateo County; (2) the San Francisco Golf Club located in San Francisco; and, (3) the Lake Merced Golf Club located in Daly City.

Purpose of the Agreement:

The purpose of the subject proposed new Agreement is (a) to preserve the potable water in the Westside Basin Aquifer¹; (b) maintain Lake Merced water levels; (c) have the PUC acquire well-site easements for the storage of excess water for use during shortages and emergencies from the following three golf clubs: (1) the Olympic Club; (2) the San Francisco Golf Club; and, (3) the Lake Merced Golf Club for a future conjunctive use water program²; and, (d) create an additional, dependable supply of irrigation water for the three golf clubs.

Term of the Agreement:

The proposed Agreement commences upon approval of the Agreement by the Board of Supervisors and terminates 50 years after the initiation, estimated to be March or April of 2004, of Tertiary Recycled Water³ deliveries by Daly City and the North San Mateo County Sanitation District,

¹ Mr. Joshua Milstein of the City Attorney's Office advises that the Westside Basin Aquifer extends, underground, from Golden Gate Park through the Sunset District to Lake Merced and the southeast through Daly City, Colma and San Bruno towards the San Francisco Airport, and supplies water to these cities and numerous cemeteries and golf courses overlying the Westside Basin Aquifer. Mr. Milstein further advises that groundwater pumping is unregulated by the State and no single entity has jurisdictional control over groundwater withdrawals from the Westside Basin Aquifer.

² "Conjunctive use" refers to the coordinated management of surface and groundwater resources. The available storage space in the Westside Basin Aquifer represents a potentially valuable regional asset that can be used to store imported surface water from the PUC water system for use during water shortages and emergencies.

³ Mr. Michael Carlin of the PUC advises that Tertiary Recycled Water is recycled wastewater that has been treated for re-use in accordance with State health requirements.

to the three golf clubs for irrigation of the golf clubs. Mr. Milstein advises that the recycled water deliveries under the proposed Agreement can be renewed upon terms and conditions agreed to by all involved parties no later than five years prior to the termination of the subject proposed Agreement, or approximately in March or April of 2049.

Description:

The proposed resolution would approve and authorize the Agreement for the Purchase and Sale of Recycled Water (Agreement) between the PUC, Daly City, the North San Mateo County Sanitation District, a municipal corporation and subsidiary of Daly City, and the following three local, private golf clubs: (1) Olympic Club, located adjacent to Lake Merced in both San Francisco and San Mateo counties; (2) San Francisco Golf Club, located on Brotherhood Way; and, (3) the Lake Merced Golf Club, located at the intersection of Highway 280 and John Daly Boulevard in Daly City.

Attachment I is a memorandum from Mr. Milstein, which provides background information on water resources in the Westside Basin Aquifer, which includes the Lake Merced area, and efforts to manage the groundwater in the Westside Basin Aquifer, including the development of the subject recycled water program, and a conjunctive use water program.

Mr. Milstein advises that the proposed Agreement for the Purchase and Sale of Recycled Water would:

- Require Daly City and the North San Mateo County Sanitation District (a subsidiary of Daly City that treats wastewater from Daly City and adjacent areas in Northern San Mateo County) to design, finance, construct, operate, own and maintain all recycled water treatment, transmission, storage and pumping facilities necessary to deliver tertiary recycled water to the three golf clubs (see Comment No. 1).
- Require the PUC to contribute \$1,000,000 towards the \$6,000,000 in capital costs of the tertiary recycled water facility to be built by Daly City and the North San Mateo County Sanitation District by October 1, 2002 (see Comment No. 3).

- Permit the PUC, at a later date, to install one water well on each of the three golf clubs for the purpose of the injection of surplus water for storage and the recovery of such water as needed (see Comment No. 5) during water shortages or for emergencies.
- Require the three golf clubs to reduce the amount of irrigation water pumped from the Westside Basin Aquifer by at least 70 percent and purchase an equivalent amount of water from the North San Mateo County Sanitation District's new recycled water facility.
- Permit Daly City and the North San Mateo County Sanitation District to sell tertiary recycled water within San Francisco's borders (see Comment No. 6).

Mr. Michael Carlin of the PUC advises that the PUC does not currently sell irrigation water to the three golf clubs because each golf course pumps its irrigation waters at their sole cost from the Westside Basin Aquifer using water wells on their respective golf clubs. Mr. Carlin advises that the PUC and Daly City currently sell drinking water to the three golf clubs and the proposed Agreement would not affect the sale of drinking water to the three golf clubs.

According to Mr. Milstein, the purpose of reducing the groundwater the three golf courses pump from the Westside Basin Aquifer is to preserve the groundwater in the Westside Basin Aquifer for use in maintaining Lake Merced water levels and to manage the Aquifer for drinking water. Mr. Milstein advises that water levels at Lake Merced have been slowly decreasing over time due to decades of groundwater pumping by Daly City and the three golf clubs and over time, this pumping has resulted in a depression in the groundwater levels in the deep aquifer segment beneath Daly City. Mr. Milstein advises that the PUC is currently devising a project to refill Lake Merced and maintain the lake at a desired level in coordination with other water resource projects such as the creation of a conjunctive use water program, development of recycled water in San Francisco, and the addition of storm water to Lake Merced.

Comments:

1. Under the terms of the proposed Agreement Daly City and the North San Mateo County Sanitation District are obligated to construct and maintain a waste water recycling facility at the North San Mateo County Sanitation District's existing water treatment plant, located in the Westlake neighborhood of Daly City, to deliver tertiary recycled water to the three private golf clubs for irrigation purposes. According to the Agreement, the estimated construction cost of the recycling facility is \$6,000,000 and the PUC will contribute \$1,000,000 to such construction costs (see Comment No. 3). Under the terms of the proposed Agreement only Daly City and the North San Mateo County Sanitation District would be liable for maintenance and replacement costs. Mr. Milstein advises that the average annual aggregate amount of water to be delivered to the three golf clubs is estimated to be 690 acre-feet or 30,056,400 cubic feet (approximately 228.5 million gallons) of water annually. Daly City and the North San Mateo County Sanitation District will enter into separate agreements with the golf clubs regarding the actual delivery of tertiary recycled water to the three golf clubs.

2. Under the terms of the proposed Agreement, Daly City and the North San Mateo County Sanitation District would charge the Olympic, San Francisco and Lake Merced Golf Clubs \$0.50 per 100 cubic feet of recycled water purchased, which would be adjusted annually by the Consumer Price Index or when there is an extraordinary change in the power costs in the operation and delivery of such tertiary recycled water. The PUC does not currently sell irrigation water to the three golf clubs. The subject proposed Agreement does not affect the delivery of drinking water to the clubs.

3. As previously noted, Daly City and the North San Mateo County Sanitation District's recycled water facility is estimated to cost \$6,000,000. Mr. Carlin advises that the estimated completion date of this facility is January 1, 2004. As previously noted, delivery of the tertiary recycled water to the three golf clubs is estimated to begin in March or April of 2004. Mr. Carlin further advises that Daly City has already secured its \$5,000,000 funding share from Federal and State sources. Mr. Milstein states that Daly City and the North San Mateo County

Sanitation District would be responsible for the maintenance and repair of the recycled water facility, at no cost to the PUC.

In Attachment II, provided by the PUC, Mr. Carlin states that the PUC has agreed to contribute the additional needed \$1,000,000 towards the cost of the recycled water facility in order to ensure that the facility is built and tertiary recycled water is utilized by the three golf clubs instead of the Westside Basin Aquifer potable waters. Mr. Carlin advises that the use of the tertiary recycled waters instead of the Westside Basin Aquifer waters would preserve the potable water in the Westside Basin Aquifer as well as assist in maintaining the Lake Merced water levels.

Mr. Carlin reports that the PUC would fund this \$1,000,000 contribution from its FY 2001-2002 budget, which set aside \$2,000,000 for the Lake Merced Water Project, as previously approved by the Board of Supervisors. Ms. Marite Moore of the City Attorney's Office advises that, to date, \$377,077 of the \$2,000,000 appropriation has been expended on outside legal counsel and expert groundwater services related to the Westside Basin Aquifer and Lake Merced water levels. Therefore, \$1,622,923 of the \$2,000,000 appropriation is available for expenditure. Attachment III, provided by the City Attorney's Office, describes the scope of services provided by the outside counsel and groundwater experts and summarizes the \$377,077 in expenditures to date.

Mr. Milstein advises that the three golf clubs would also indirectly contribute to the capital costs of the new recycled water facility through their water rates, which would be \$0.50 per 100 cubic feet of water. Mr. Milstein further advises that currently the three golf clubs pump groundwater from the Westside Basin Aquifer at their sole cost, which is estimated to be approximately \$0.20 per 100 cubic feet of water or \$0.30 per 100 cubic feet less than the rate the three golf clubs would pay under the proposed Agreement.

4. Under the proposed Agreement, the PUC is permitted to enter into three separate Water Well-Site Easement Agreements with each of the three golf clubs, whereby

each golf course would grant an easement for a single approximately 30 square foot area for the purpose of installing water wells for the injection and recovery of PUC drinking water. Mr. Milstein advises that these proposed easement rights were included in the subject proposed Agreement for consideration of the PUC's \$1,000,000 contribution to the cost of the recycled water facility that Daly City and the North San Mateo County Sanitation District will construct. As of the writing of this report, the PUC has not estimated the value of the three easements it would acquire under the terms of the proposed Agreement in comparison to the PUC's contribution of \$1,000,000.

Under the terms of the proposed Agreement, the PUC would not be authorized to pump the water formerly pumped by the golf clubs except in the event of an emergency. The proposed Agreement does authorize the PUC to pump drinking water that it will inject into the Westside Basin Aquifer from the wells it will install on the three golf clubs. Mr. Milstein advises that these three separate Water Well-Site Easement Agreements between the PUC and the three golf clubs would be subject to separate, future Board of Supervisors approval.

According to Mr. Milstein, the PUC would be responsible for the costs of installing and maintaining the wells and all pipelines, power lines and other facilities needed to operate the water wells on the golf clubs. As of the writing of this report, Mr. Carlin was unable to provide the Budget Analyst with cost estimates for such work.

5. Although the PUC is currently the retail water provider in San Francisco, under the terms of the proposed Agreement, Daly City and the North San Mateo County Sanitation District would be authorized to sell tertiary recycled water within San Francisco's borders to the Olympic Club and the San Francisco Golf Club.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



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MEMORANDUM
PRIVILEGED & CONFIDENTIAL

TO: Maureen Singleton, Budget Analyst's Office

FROM: Joshua D. Milstein
Deputy City Attorney

DATE: April 15, 2002

RE: Background on Board Resolutions: (1) Proposed Conjunctive Use Study
Amendment to Daly City Water Contract; (2) Recycled Water Agreement Between
Daly City, 3 Lake Merced Area Golf Clubs, and San Francisco PUC

At your request I provide the following background memo on the above referenced Board actions.

Lake Merced and the Westside Basin Aquifer: On January 31, 2001, California Trout ("Cal Trout") filed a petition at the State Water Resources Control Board (SWRCB) asking the Board and five other state agencies to force a settlement of longstanding groundwater pumping disputes in the Westside Basin to protect and restore Lake Merced. Cal Trout named as respondents (defendants) all of the municipal and irrigation pumpers in the Westside Basin, including the City of San Francisco; Daly City; California Water Service Company; San Bruno; and numerous golf courses and cemeteries that use groundwater for irrigation purposes. San Francisco has also been asked to assist in furthering a settlement. These irrigators generally have so-called "overlying rights" to pump water associated with land ownership, while the municipal entities distribute water throughout their service areas under "appropriative" water right theory, which allows distribution of water away from the parcel where water is pumped. Generally speaking, the State of California does not regulate groundwater pumping through a water right license system, as is the case for most surface water supplies derived from streams and lakes.

The Westside Basin extends south from Golden Gate Park through the Sunset District to Lake Merced, and then runs southeast through Daly City, Colma and San Bruno towards the San Francisco Airport. The Cal Trout petition seeks to force the entities using groundwater from the Westside Basin to take control of groundwater management through the development of recycled water and conjunctive use programs in the basin. "Conjunctive use" refers to the coordinated development of surface and groundwater supplies to prevent overdraft of aquifers and to make optimal use of available water supplies.

In response to the petition, staff from the SFPUC, lawyers from this office and outside water counsel have participated in several confidential mediation sessions between Daly City, the three private Lake Merced area golf clubs, and San Francisco. The mediation effort got its start through litigation we filed against Daly City and the Olympic Club concerning the January 1998 overflow of the Vista Grande Canal, which damaged John Muir Drive and a fishing pier at Lake Merced. The underlying roadway damage litigation has been settled. The mediation

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY

Memorandum
Privileged & Confidential

TO: Maureen Singleton, Budget Analyst's Office
DATE: April 15, 2002
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RE: Background on Board Resolutions: (1) Proposed Conjunctive Use Study
Amendment to Daly City Water Contract; (2) Recycled Water Agreement Between
Daly City, 3 Lake Merced Area Golf Clubs, and San Francisco PUC

continues to resolve the greater water resource issues affecting Lake Merced and the Westside Basin aquifer. In general, our efforts have focused on three types of projects: stormwater addition, recycled water, and a conjunctive use program. The two items before the Board deal with the last two of these project areas.

Storm Water: Last year the SFPUC approved a two year study of adding stormwater from the Daly City area (Vista Grande Canal) to Lake Merced. Under the first phase of this program, a small treatment device is now being installed by Daly City near the entrance to the Vista Grande tunnel. The device will not be installed to permit Daly City to add stormwater to the lake at this time. Rather, the device will treat small quantities of stormwater and return them to the canal. This real-time operating experience can then be used to design a project for the full scale addition of stormwater to Lake Merced, assuming water quality concerns can be addressed. The full scale project will cost over \$5 million and the relative apportionment of costs between Daly City and San Francisco has not been determined. We believe that adding clean stormwater represents one of the most viable, cost effective actions needed to raise Lake Merced water levels.

Recycled Water: The recycled water contract before the Board between the golf clubs, Daly City and the SFPUC is for a supply of recycled water from Daly City to replace up to 85% of golf course irrigation pumpage. Recycled water can be used for non-potable purposes such as irrigation, and the water to be provided is treated at the "tertiary" level, meaning that use for irrigation is basically unrestricted if the system is designed and operated to produce water in accordance with State Department of Health Services regulations. The SFPUC is contributing \$1 million towards the capital cost of this project in exchange for injection and recovery well sites on each of the three clubs funded from the \$2 million set aside in the PUC's budget to address the Lake Merced issues.

The well sites to be acquired as part of the recycled water contract may be used as part of a future conjunctive use program whereby imported surface water will be injected into the aquifer for later recovery during droughts and emergencies. As such, the well sites would be considered "joint" assets under the 1984 Master Water Sales Contract with the suburban water purchasers, meaning that when the well sites are placed in service, the suburbs will ultimately pay approximately 2/3 of the \$1 million asset cost based on their percentage of water used from the SFPUC system. Under the 1984 Master Water Contract, such joint facilities are paid for on the basis of how much water is used; the suburbs currently use about 2/3 of the total SFPUC supply, hence they will wind up paying 2/3 of the cost of the asset and infrastructure needed to pay for the conjunctive use program.

At the request of Cal Trout the SFPUC agreed that these wells would not be used to pump water formerly pumped by the golf courses except in dire emergencies or if subsequent technical work reveals that such pumping is necessary. The agreement will enable Daly City to obtain State grant funds for much of the project cost. The golf clubs agreed to more than double their water costs as part of this historic agreement.

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY

Memorandum
Privileged & Confidential

TO: Maureen Singleton, Budget Analyst's Office
DATE: April 15, 2002
PAGE: 3
RE: Background on Board Resolutions: (1) Proposed Conjunctive Use Study Amendment to Daly City Water Contract; (2) Recycled Water Agreement Between Daly City, 3 Lake Merced Area Golf Clubs, and San Francisco PUC

Conjunctive Use Program: Daly City, like each of the other 25 wholesale water customers of the SFPUC, has an "individual water supply contract" with the SFPUC for purchase of drinking water from the SFPUC water system. These individual contracts were signed contemporaneously with the 1984 Master Water Sales Agreement and generally specify the service area and connection locations of the individual customers.

The contract amendment before the Board would amend Daly City's individual water supply contract with the SFPUC to allow Daly City to take delivery of surplus imported water (from the SFPUC water system) and reduce its pumping by a like amount. During this period the resultant change in aquifer water storage levels will be studied by our experts for use in devising a basin-wide conjunctive use program. We have accordingly invited the California Water Service Company and the City of San Bruno (both wholesale water customers of the SFPUC) to participate in the ongoing mediation sessions, and anticipate that similar study arrangements will be reached with these utilities. Ultimately, the SFPUC will work with these wholesale customers to devise a major conjunctive use program for the Westside Basin, primarily in north San Mateo County because that is where the available storage is located.

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The full scale conjunctive use program, if implemented, will require a large investment in facilities and staff which cannot be determined at this time but which will be the subject of intensive negotiations between the SFPUC and the suburbs. The agreements arising out of these negotiations will be subject to Board approval.

Ongoing Technical Work: Our groundwater experts, Luhdorff & Scalmanini, have installed 7 shallow monitoring wells around Lake Merced and one at Pine Mountain Lake. Their work has progressed to the point that several conclusions can be reached:

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY

Memorandum
Privileged & Confidential

TO: Maureen Singleton, Budget Analyst's Office
 DATE: April 15, 2002
 PAGE: 4
 RE: Background on Board Resolutions: (1) Proposed Conjunctive Use Study Amendment to Daly City Water Contract; (2) Recycled Water Agreement Between Daly City, 3 Lake Merced Area Golf Clubs, and San Francisco PUC

1. Lake Merced is part of the shallow aquifer and the water in the lake is actually the water table level in this shallow aquifer.

2. Past work by the City contained several errors, most notably in the surface elevations of wells that led to the conclusion that there was a groundwater depression west of Lake Merced towards the ocean. This is not the case, and water continues to flow from the lake (subsurface) towards the ocean.

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If you have any further questions please give me a call. I will be available at the Finance Committee Hearing to answer any Board member questions on this complicated subject.

J.D.M.

cc: M. Carlin
 T. Lakey V. Clayton



M E M O R A N D U M

WILLIE L. BROWN, JR.
MAYOR

ANN MOLLER CAEN
PRESIDENT

E. DENNIS NORMANDY
ASHOK KUMAR BHATT
JEFFREY CHEN

PATRICIA E. MARTEL
GENERAL MANAGER

To: Maureen Singleton
Budget Analyst's Office

From: Michael P. Carlin
Planning Bureau Manager

Date: May 13, 2002

RE: Recycled Water Agreement Between Daly City, SFPUC and the three
Lake Merced Area Golf Clubs

I am writing in response to your inquiry regarding the contribution of \$1,000,000 to North San Mateo Sanitation District recycled water project. Your inquiry was targeted on whether we have placed a monetary value on the easements that will be granted to the SFPUC by the three Lake Merced Area Golf Clubs.

The SFPUC interests are twofold. First, the long-term sustainability of the Westside Basin Aquifer is critical to our mission as the regional water provider and as the water provider for the residents of San Francisco. The Westside Basin Aquifer is a high value water source that could be an emergency or supplemental source of water for San Francisco residents. It is currently a source of drinking water for Daly City and other communities located south of San Francisco. Second, the health of Lake Merced is tied to the long-term sustainability of the Westside Basin Aquifer. Moving forward the recycled water project meets these interests.

The SFPUC will receive an easement right from each of the golf clubs to locate and develop high volume injection and recovery wells. According to our technical experts, the golf clubs present the most logical and least disruptive (i.e. location to our existing water transmission system and minimizing neighborhood impacts) sites for such facilities. The SFPUC transmission pipelines run through two of the golf courses. The easements for the transmission pipelines were acquired as part of the City acquisition of the Spring Valley Water Company. Thus, the acquisition of the well easements in conjunction with the transmission easements presents a unique value that is more valuable than the individual easements.



MEMORANDUM

The ability to recharge the Westside Basin Aquifer presents a unique opportunity to store excess imported surface water from the SFPUC Hetch Hetchy system to be used as a supplemental water supply or during an emergency situation. We have not calculated the value of the easements but we are currently assessing the avoided costs for new surface water storage versus the potential value of the groundwater storage as part of our regional water supply planning process.

As part of this agreement, the water formerly pumped by the golf clubs would remain in the Westside Basin Aquifer. This would contribute to the long-term sustainability of the aquifer and the health of Lake Merced. We have not established nor assigned a value to the health of Lake Merced.

If you have any questions, please contact me at (415)934-5787.

Information about Lake Merced Consultants

Ellison & Schneider

Groundwater law expert to assist PUC in developing and implementing a program to raise the water level in Lake Merced including a conjunctive use program to import, store and use the water. The firm assists City Attorney and PUC to assure that contracts and programs comply with applicable ground water statutes and existing case law. The firm is actively involved in ongoing mediation.

Luhdorff & Scalmanini

Hydrogeologists, geologists and engineers to provide information about ground water management and development. The group examines subsurface ground strata to obtain information about underground conditions and water migration including the physical conformation of the aquifer. The group will provide a conceptual design for future facilities including operating plants. The group also reviewed the work of previous consultants to confirm the accuracy of their data and to identify, update and correct the data as necessary.

JRP Historical

Water law historians to study historical records including maps, deeds, court records and the like to determine predevelopment conditions at Lake Merced. The group used the historical records, some dating back to the 19th Century, to study the impact of development on water flow and to map easement rights. The group also produced maps of San Francisco's riparian rights at and around Lake Merced.

Lake Merced Aquifer
Cost Detail
FY 2002 to Date

Firm	Hourly Rate	FY 2002 to Date
Ellison & Schneider	Partner \$285	\$ 190,953
Ellison for Luhdorff & Scalmanini	Geologist \$115 to \$180, Engineer \$115, Hydrogeologist \$78 to \$90	\$ 155,276
JRP Historical	Principal \$90, Associates \$55	\$ 21,139
Others		<u>\$ 9,709</u>
Total FY 2002 to date		\$ 377,077

Item 4 - File 02-0555

- Department:** Public Utilities Commission (PUC)
- Item:** Resolution approving and authorizing the PUC General Manager to execute the First Amendment to the Water Supply Contract between the PUC and Daly City for the purpose of conducting a two-year Aquifer Recharge Study.
- Description:** In August of 1984, the PUC and Daly City entered into a Water Supply Contract, whereby the PUC sells Daly City drinking water from Hetch Hetchy as well as from other PUC Bay Area watersheds to supplement Daly City's water needs. According to Mr. Michael Carlin of the PUC, Daly City's remaining water needs are met by using wells to pump groundwater from the Westside Basin Aquifer¹ at Daly City's sole cost. Mr. Carlin states that under the terms of the existing agreement, the PUC currently sells to Daly City 4.292 million gallons of drinking water per day. According to Mr. Joshua Milstein of the City Attorney's Office, Daly City has the right to pump groundwater for distribution within its service area based on its continued groundwater pumping over the past 40 years.
- Mr. Carlin reports that Daly City's groundwater pumping from the Westside Basin Aquifer has resulted in a lowering of groundwater in the Westside Basin Aquifer segment lying beneath Daly City and, as a result, groundwater space is available and could possibly be used to store surplus PUC drinking water.
- The proposed First Amendment to the Water Supply Contract between the PUC and Daly City would:
1. Permit the PUC to conduct a two-year Aquifer Recharge Study of the Westside Basin Aquifer

¹ Mr. Milstein advises that the Westside Basin Aquifer extends, underground, from Golden Gate Park through the Sunset District to Lake Merced and the southeast through Daly City, Colma and San Bruno towards the San Francisco Airport, and supplies water to these cities and numerous cemeteries and golf courses overlying the Westside Basin Aquifer. Mr. Milstein further advises that groundwater pumping is unregulated by the State and no single entity has jurisdictional control over groundwater withdrawals from the Westside Basin Aquifer.

segment that lies underneath part of Daly City at an estimated cost of \$35,000, which would be funded from a \$2,000,000 appropriation previously approved by the Board of Supervisors (see Comment No. 2).

2. Require Daly City to provide the PUC with the necessary data for the two-year Aquifer Recharge Study.
3. Require Daly City to reduce its groundwater pumping from the Westside Basin Aquifer for the two-year Aquifer Recharge Study period when surplus drinking water of an equal amount (approximately 4 million gallons per day) is available to the PUC for sale to Daly City.
4. Require the PUC to sell such surplus drinking water to Daly City at \$0.35 per 100 cubic feet of water (see Comment No. 1).

In Attachment I, Mr. Milstein advises that the purpose of the proposed two-year Aquifer Recharge Study is to analyze the effect of reduced groundwater pumping on subsurface water levels in the aquifer for the possibility of storing excess PUC drinking water in the Westside Basin Aquifer for use by the PUC during water shortages. Mr. Carlin states that reduced groundwater pumping would help the Westside Basin Aquifer naturally recharge itself. However, because of longstanding pumping, it is anticipated that there still would be space available to store excess drinking water in the Westside Basin Aquifer, according to Mr. Carlin.

Mr. Milstein advises that Aquifer Recharge Study results would be used to assist the PUC, and the PUC's wholesale water customers, including the California Water Service Company serving South San Francisco and the City of San Bruno, in devising a Basin-wide conjunctive use water program² to manage water supplies and prevent further depletion of groundwater in the Westside Basin Aquifer (see Comment No. 3).

² Mr. Milstein advises that conjunctive use water programs refer to the coordinated development of surface and groundwater supplies to prevent the depletion of aquifers and provide for the optimal use of available water supplies.

Under the existing Agreement between the PUC and Daly City, the PUC charges Daly City \$0.85 per 100 cubic feet of drinking water. Under the terms of the proposed Amendment, the PUC would sell to Daly City surplus drinking water. The Budget Analyst has requested a memorandum from the PUC to provide further written explanation for the proposed resolution. As of the writing of this report, the Budget Analyst has not received the requested memorandum.

Comments:

1. As noted above, Daly City currently pumps water from the Westside Basin Aquifer at its sole cost. According to Mr. Carlin, it currently costs Daly City approximately \$0.35 per 100 cubic feet of water to pump such groundwater for use in Daly City. Mr. Milstein states that under the terms of the proposed Amendment, the PUC would sell its surplus drinking water to Daly City at \$0.35 per 100 cubic feet of water, which is \$0.50 per 100 cubic feet less than the rate the PUC currently charges Daly City for the drinking water delivered under the existing Water Supply Contract between the PUC and Daly City. According to Mr. Milstein, the rate of \$0.35 per 100 cubic feet of water was negotiated between Daly City and the PUC so that it would be cost neutral for Daly City to purchase surplus drinking water from the PUC instead of pumping groundwater, thereby encouraging Daly City to reduce its groundwater pumping operations.

Mr. Milstein advises that the overall goal of this proposed resolution is to reduce Daly City's groundwater pumping for drinking water by up to 80 percent or by 2.976 million gallons per day from 3.72 million gallons per day to 744,000 gallons per day, during periods when surplus PUC drinking water is available so that the PUC can conduct the subject Aquifer Recharge Study. As previously noted, under the existing agreement, Daly City pays the PUC the wholesale rate for water, which is currently \$0.85 per 100 cubic feet of water and the PUC currently provides Daly City with 4.292 million gallons of drinking water per day.

In the attached memorandum (Attachment II) from Mr. Bill Laws of the PUC, Mr. Laws advises that the marginal cost to the PUC of providing such surplus drinking water to Daly City is between \$0.0303 and \$0.0852 per 100

BOARD OF SUPERVISORS
BUDGET ANALYST

cubic feet of water. Therefore, Mr. Laws further advises that the rate of \$0.35 per 100 cubic feet of water to be charged under the proposed Amendment to Daly City for such drinking water exceeds the PUC's costs.

2. According to Mr. Milstein, the FY 2001-2002 PUC budget set aside \$2,000,000 for the Lake Merced Project to address the Lake Merced and Westside Basin Aquifer water level issues. Mr. Milstein reports that engineering studies conducted by Luhdorff & Scalmanini, geologist and hydrologist consultants who have subcontracted with the City's outside groundwater counsel, Ellison, Schneider & Harris, have developed a "conceptual model" of the subsurface geology beneath Lake Merced which concludes that the decline in Lake Merced water levels are due to decades of groundwater pumping by Daly City, three local golf clubs (the Olympic Club, the San Francisco Golf Club and the Lake Merced Golf Club) and other groundwater users in the Westside Basin Aquifer in Northern San Mateo County. Mr. Milstein reports that over time, this pumping has resulted in a depression in the groundwater levels in the deep aquifer segment beneath Daly City.

The proposed Aquifer Recharge Study would examine ways for the PUC to use the available subsurface space to store water while simultaneously implementing a solution to the decline in Lake Merced water levels. Mr. Milstein advises that Luhdorff & Scalmanini would conduct the proposed Aquifer Recharge Study, under an existing subcontract between Ellison, Schneider & Harris and Luhdorff & Scalmanini. The costs of the proposed Aquifer Recharge Study, which are estimated at \$35,000, would be funded from the appropriation for the Lake Merced Project of \$2,000,000 previously approved by the Board of Supervisors in the PUC's FY 2001-2002 budget. Ms. Marite Moore of the City Attorney's Office advises that, to date, \$377,077 of the \$2,000,000 appropriation has been expended on outside legal counsel and expert groundwater services related to the Westside Basin Aquifer and Lake Merced water levels. Therefore, \$1,622,923 of the \$2,000,000 appropriation is available for expenditure (see File 02-0554). The Budget Analyst notes that, under File 02-0554, the PUC would contribute \$1,000,000 from the \$2,000,000 appropriation towards the \$6,000,000 in capital costs of a tertiary recycled water

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facility to be built by Daly City and the North San Mateo County Sanitation District.

3. Mr. Milstein advises that the implementation of a conjunctive use water program would involve further study, including the development of conceptual designs needed to inject and store available drinking water from the PUC system and the development of recycled water supplies to replace irrigation pumping to preserve the Westside Basin Aquifer for drinking water purposes (see File 02-0554). Mr. Milstein advises that recycled water is treated in accordance with State health regulations for unrestricted reuse for irrigation and other purposes that do not require potable water (treated water fit for drinking).

4. According to Mr. Milstein, the PUC currently needs additional water storage space. Mr. Milstein advises that if the subject proposed Aquifer Recharge Study reveals that excess drinking water can be stored in the Westside Basin Aquifer, the PUC would enter into separate agreements with Daly City and the PUC's other wholesale customers, including the California Water Service Company serving South San Francisco and the City of San Bruno, which are located above the Westside Basin Aquifer, for use of such storage space. Such agreements would be subject to Board of Supervisors approval, according to Mr. Milstein. Mr. Milstein further advises that storing water in the Westside Basin Aquifer would be economical because such a practice would increase the PUC's storage capacity without the necessity of building new reservoirs.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



DENNIS J. HERRERA
City Attorney

JOSHUA D. MILSTEIN
Deputy City Attorney

DIRECT DIAL: (415) 554-4211
E-MAIL: JOSHUA_D_MILSTEIN@ci.sf.ca.us

**MEMORANDUM
PRIVILEGED & CONFIDENTIAL**

TO: Maureen Singleton, Budget Analyst's Office
FROM: Joshua D. Milstein
Deputy City Attorney
DATE: April 15, 2002
RE: Background on Board Resolutions: (1) Proposed Conjunctive Use Study
Amendment to Daly City Water Contract; (2) Recycled Water Agreement Between
Daly City, 3 Lake Merced Area Golf Clubs, and San Francisco PUC

At your request I provide the following background memo on the above referenced Board actions.

Lake Merced and the Westside Basin Aquifer: On January 31, 2001, California Trout ("Cal Trout") filed a petition at the State Water Resources Control Board (SWRCB) asking the Board and five other state agencies to force a settlement of longstanding groundwater pumping disputes in the Westside Basin to protect and restore Lake Merced. Cal Trout named as respondents (defendants) all of the municipal and irrigation pumpers in the Westside Basin, including the City of San Francisco; Daly City; California Water Service Company; San Bruno; and numerous golf courses and cemeteries that use groundwater for irrigation purposes. San Francisco has also been asked to assist in furthering a settlement. These irrigators generally have so-called "overlying rights" to pump water associated with land ownership, while the municipal entities distribute water throughout their service areas under "appropriative" water right theory, which allows distribution of water away from the parcel where water is pumped. Generally speaking, the State of California does not regulate groundwater pumping through a water right license system, as is the case for most surface water supplies derived from streams and lakes.

The Westside Basin extends south from Golden Gate Park through the Sunset District to Lake Merced, and then runs southeast through Daly City, Colma and San Bruno towards the San Francisco Airport. The Cal Trout petition seeks to force the entities using groundwater from the Westside Basin to take control of groundwater management through the development of recycled water and conjunctive use programs in the basin. "Conjunctive use" refers to the coordinated development of surface and groundwater supplies to prevent overdraft of aquifers and to make optimal use of available water supplies.

In response to the petition, staff from the SFPUC, lawyers from this office and outside water counsel have participated in several confidential mediation sessions between Daly City, the three private Lake Merced area golf clubs, and San Francisco. The mediation effort got its start through litigation we filed against Daly City and the Olympic Club concerning the January 1998 overflow of the Vista Grande Canal, which damaged John Muir Drive and a fishing pier at Lake Merced. The underlying roadway damage litigation has been settled. The mediation

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continues to resolve the greater water resource issues affecting Lake Merced and the Westside Basin aquifer. In general, our efforts have focused on three types of projects: stormwater addition, recycled water, and a conjunctive use program. The two items before the Board deal with the last two of these project areas.

Storm Water: Last year the SFPUC approved a two year study of adding stormwater from the Daly City area (Vista Grande Canal) to Lake Merced. Under the first phase of this program, a small treatment device is now being installed by Daly City near the entrance to the Vista Grande tunnel. The device will not be installed to permit Daly City to add stormwater to the lake at this time. Rather, the device will treat small quantities of stormwater and return them to the canal. This real-time operating experience can then be used to design a project for the full scale addition of stormwater to Lake Merced, assuming water quality concerns can be addressed. The full scale project will cost over \$5 million and the relative apportionment of costs between Daly City and San Francisco has not been determined. We believe that adding clean stormwater represents one of the most viable, cost effective actions needed to raise Lake Merced water levels.

Recycled Water: The recycled water contract before the Board between the golf clubs, Daly City and the SFPUC is for a supply of recycled water from Daly City to replace up to 85% of golf course irrigation pumpage. Recycled water can be used for non-potable purposes such as irrigation, and the water to be provided is treated at the "tertiary" level, meaning that use for irrigation is basically unrestricted if the system is designed and operated to produce water in accordance with State Department of Health Services regulations. The SFPUC is contributing \$1 million towards the capital cost of this project in exchange for injection and recovery well sites on each of the three clubs funded from the \$2 million set aside in the PUC's budget to address the Lake Merced issues.

The well sites to be acquired as part of the recycled water contract may be used as part of a future conjunctive use program whereby imported surface water will be injected into the aquifer for later recovery during droughts and emergencies. As such, the well sites would be considered "joint" assets under the 1984 Master Water Sales Contract with the suburban water purchasers, meaning that when the well sites are placed in service, the suburbs will ultimately pay approximately 2/3 of the \$1 million asset cost based on their percentage of water used from the SFPUC system. Under the 1984 Master Water Contract, such joint facilities are paid for on the basis of how much water is used; the suburbs currently use about 2/3 of the total SFPUC supply, hence they will wind up paying 2/3 of the cost of the asset and infrastructure needed to pay for the conjunctive use program.

At the request of Cal Trout the SFPUC agreed that these wells would not be used to pump water formerly pumped by the golf courses except in dire emergencies or if subsequent technical work reveals that such pumping is necessary. The agreement will enable Daly City to obtain State grant funds for much of the project cost. The golf clubs agreed to more than double their water costs as part of this historic agreement.

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The full scale conjunctive use program, if implemented, will require a large investment in facilities and staff which cannot be determined at this time but which will be the subject of intensive negotiations between the SFPUC and the suburbs. The agreements arising out of these negotiations will be subject to Board approval.

Ongoing Technical Work: Our groundwater experts, Luhdorff & Scalmanini, have installed 7 shallow monitoring wells around Lake Merced and one at Pine Mountain Lake. Their work has progressed to the point that several conclusions can be reached:

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3. The likelihood of seawater intrusion is slim due to the underlying geology. Even though the water levels in Daly City's deeper aquifer wells are 100 feet or more below sea level, the upturned clay strata beneath the Olympic Club (visible in the cliffs near Fort Funston) combined with the shallow continental shelf makes it unlikely that sea water intrusion will occur directly west of Daly City. The only place identified as a potential corridor for seawater intrusion is near the historic Lake Merced outlet in the Zoo, and in this area (and in San Francisco north to and including Golden Gate Park), wells have not been pumped to levels below sea level. Over the next several months additional deep monitoring wells will be installed by Daly City to further analyze the salt/freshwater interface in this portion of the Westside Basin.

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If you have any further questions please give me a call. I will be available at the Finance Committee Hearing to answer any Board member questions on this complicated subject.

J.D.M.

cc: M. Carlin
T. Lakey V. Clayton



**San Francisco
Public Utilities Commission
Bureau of Finance
1155 Market St., 5th Floor
San Francisco, CA 94103**



MEMORANDUM

DATE: MAY 9, 2002
TO: JOSHUA D. MILSTEIN, DEPUTY CITY ATTORNEY
FROM: WILLIAM H. LAWS, RATE ADMINISTRATOR
SUBJECT: COST OF WATER

In response to your request, I have analyzed the San Francisco Water Enterprise's cost of water to determine the cost of water delivered to suburban resale customers. The cost of water includes expenses for source of supply, pumping, treatment, and pipeline transmission. I have not included administrative and general expenses or the costs associated with the in-city water distribution system in my analysis. I have also excluded the Hetch Hetchy assessment that is a fixed payment made by the Water Enterprise for the operation and maintenance of dams, reservoirs, tunnels, pipeline and other water related facilities under the control of Hetch Hetchy.

The various costs of the water system serving suburban resale customers has been identified as being a fixed operating expense, a variable operating expense, or a maintenance expense. Fixed operating expenses are costs such as supervision, engineering, and other labor costs that tend to be constant over a wide operating range. For example, the water treatment plants have sufficient staff to operate the plant to its maximum capacity therefore Water Enterprise would not be required to add staff to increase the amount water treated. There are other operating costs such as treatment chemicals and power that vary directly with the amount of water treated. Those costs are identified as being variable operating expenses. Maintenance expenses fall in a gray area. It can be argued that addition water production causes more wear and tear on facilities and maintenance costs should be included as a component of the marginal cost of production. An analysis of past expenditures for maintenance, however, does not indicate that the Water Enterprise adjusts its maintenance activities for the quantity of water treated.

Based on the actual expenditures for FY 2000-01, the average variable operating cost is \$0.0303 per Ccf. The average maintenance cost is \$0.0549 per Ccf. Because variable operating costs vary directly with the quantity of water treated, the marginal cost can be assumed to be equal to average cost. Not all maintenance costs vary with the quantity of water treated. Certain maintenance activities such as maintenance of grounds and pipeline rights-of-way are not affect by the quantity of water treated. Equipment, on the other hand, may require more frequent maintenance as the quantity of water treated increases. In lieu of a detailed study of maintenance costs, I am assuming the average maintenance is upper limit estimate for marginal cost of maintenance. Based on the foregoing, I believe the marginal cost of water is within a range from \$0.0303 per Ccf to \$0.0852 per Ccf.

Attachment

Item 5 – File 02-0755

Department: Employees' Retirement System

Item: Ordinance amending Section 16.61-5 of the Administrative Code to authorize the Employees' Retirement System to accept transfers from non-qualified tax plans for buybacks.

Description: Currently, members of the Employees' Retirement System who withdraw from the System or who elect to pay reduced employee retirement contributions to the Employees' Retirement System can buy back their full retirement benefits through making cash payments, payroll deductions or "rollovers" from tax qualified retirement plans. Section 16.61-5 of the Administrative Code authorizes the Employees' Retirement System to accept member rollovers, the nontaxable transfer of assets between tax sheltered vehicles, from only tax qualified accounts consisting of 401(k), 403(b), 401(a), and Individual Retirement Accounts, as payment for buying back member retirement benefits.

As described in the attached letter from Ms. Clare Murphy, Executive Director of the Employees' Retirement System, presently Employees' Retirement System members can make payments to the Employees' Retirement System for buy backs through three methods, including: 1) a check with after tax dollars, 2) payroll deductions, or 3) rollovers from qualified tax plans.

The proposed ordinance would amend Section 16.61-5 of the Administrative Code, to provide for a fourth payment method for member buy backs. The proposed ordinance would provide for transfers from deferred compensation plans (Internal Revenue Section 457). These plans are non-qualified tax plans. According to Ms. Murphy, the transfer from deferred compensation plans was not a buyback method payment option prior to this proposed ordinance, and is only now being proposed as a result of Internal Revenue Service (IRS) tax reform. According to Ms. Murphy, a non-qualified tax plan is an IRS category for retirement plans containing different IRS tax provisions than qualified tax plans including allowing the

withdrawal of funds from non-qualified deferred compensation plans at no penalty prior to the age of 59.

Comments:

1. Ms. Murphy reports that providing for transfers from deferred compensation plans would allow members to pay for a buyback by transferring monies from their non-qualified tax plans, or deferred compensation accounts. According to Ms. Murphy, over 20,000 Employees' Retirement System members have non-qualified deferred compensation plans.

2. As shown in the attached letter, Ms. Murphy states that this proposed amendment to the Administrative Code "will not effect the cost of the San Francisco Employees' Retirement System because it does not change plan benefits; it only allows an alternative payment method".

Recommendations: Approve the proposed ordinance.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The Executive Director

May 16, 2002

Finance Committee
Supervisor Aaron Peskin, Chair
Supervisor Chris Daly, Vice Chair
Supervisor Sophie Maxwell, Member
Board of Supervisors
City Hall, Room 244
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: File No. 020755 [Pension Buy-Backs-Rollovers/Transfers]
Ordinance authorizing the Retirement System to accept rollovers and transfers from qualified and non-qualified tax plans for buybacks.

Dear Supervisors Peskin, Daly and Maxwell,

Administrative Code section 16.61-5 currently provides for the Retirement System to accept rollovers from tax qualified accounts as a means for members to purchase service credit or repay debts to the Retirement System. This proposed amendment extends the authority of the Retirement System to accept transfers from non-qualified tax plans.

Background

The Congress passed and the President signed EGTRRA (Economic Growth and Tax Relief Reconciliation Act) in August of 2001. In part, this law allowed monies sheltered in Internal Revenue Code 457 Deferred Compensation plans to be transferred to pension plans for the purchase of qualified service credit and payment of debts. The State of California legislature passed three bills, which brought California Tax Law into conformity with federal law in April and the Governor signed the bills May 8, 2002.

Members of the San Francisco Employees' Retirement System are:

1. able to purchase service credit for periods of temporary service (prior service), military leave, representative service and
2. able to repay account balances previously withdrawn (redeposit) and or pay the amount necessary to bring the member's account to the level it would have been had the member paid full, rather than reduced contributions (shortages).

Currently members may make purchases by

1. check with after tax dollars
2. payroll deductions with either before or after tax withholding
3. rollovers from tax qualified plans (401a, 401k, 403b, IRAs, etc.)

Cost

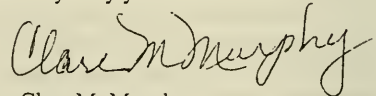
This proposed amendment will not effect the cost of the San Francisco Employees' Retirement System because it does not change plan benefits; it only allows an alternative payment method.

Rationale

Given the change in State and Federal tax law, the existence of qualified purchasable service and the fact that over 20,000 San Francisco City & County employees participate in the San Francisco Deferred Compensation Plan; this proposed amendment to the existing ordinance is timely and important to San Francisco Employees' Retirement System participants. Adding the authority to accept transfers from non-qualified plans will allow San Francisco City & County employees to transfer money from their deferred compensation accounts to enhance their pension benefits, by creating an additional payment option, which provides positive current tax benefits.

The Retirement System experiences a high volume of retirements at the close of each fiscal year, expeditious passage of this ordinance amendment will allow pending retirees the opportunity to execute a non-taxable transfer from their San Francisco Deferred Compensation Plan account to complete a buyback and enhance their pension. Thank you for your recommendation for passage of this no cost benefit.

Very truly yours

A handwritten signature in cursive script, reading "Clare M. Murphy". The signature is written in dark ink and is positioned above the printed name and title.

Clare M. Murphy
Executive Director

Item 6 - File 02-0471

Department: Rent Arbitration Board (Rent Board)

Item: Ordinance amending Administrative Code Chapter 37A "Residential Rent Stabilization and Arbitration Fee" by amending Sections 37A.2 and 37A.6 to increase the maximum annual residential rent ordinance fee.

Description: The owner of all residential rental units in the City, with the exception of specific non-profit entities, residential care facilities, Section 8 housing, Ellis Act exempted units and residential units constructed since June of 1979, is required under Chapter 37A of the Administrative Code to pay an annual Rent Stabilization and Arbitration Fee for each unit. The fee for each rental unit is calculated annually by determining the total projected annual cost of funding the Rent Arbitration Board divided by the total number of rental units estimated to pay the fee. Currently, the annual fee cannot exceed \$16 per rental unit.

The proposed ordinance would increase the maximum annual fee for each rental unit to \$27 per unit annually, an \$11 or 68.8 percent increase over the current \$16 annual fee. Chapter 37A stipulates that residential hotel units pay a fee which is one-half of the fee for residential rental units. As a result, under the proposed ordinance, the annual fee for each residential hotel unit would increase from \$8, to \$13.50 per unit, a \$5.50 or 68.8 percent increase. In accordance with the ordinance, the Controller is responsible for determining the total number of residential units and calculating the fee by July 31 of each year. The annual fees are then included on the Property Tax bills that are sent to each property owner during the Fall, to be remitted by December 10 of each year.

Chapter 37A currently states that the owners of rental units (including residential hotel units) may seek recovery of the Rent Stabilization and Arbitration Fee from the tenant in occupancy of the residential unit on November 1st of each year and outlines the specific procedures for recovery of these annual fees. Under the current ordinance, the owner of the rental unit is limited to

seeking a maximum of \$16 from the tenant for the Rent Stabilization and Arbitration Fee. The proposed ordinance provides that the owner of the rental unit may recover up to a maximum of \$27 from the tenant for the Rent Stabilization and Arbitration Fee. The proposed ordinance also states that the owner remains liable for the full payment of the annual fee to the City's Tax Collector whether or not the owner seeks any recovery or receives any portion of the fee from the tenant.

Therefore, under the proposed ordinance, the annual residential fee to be paid by the owner would increase from \$16 to \$27 in FY 2002-03 and the fee that the owner would be permitted to recover would similarly increase from a maximum of \$16 to \$27 from the tenant per unit. All of these annual Rent Board Fees are deposited into the Rent Arbitration Board Special Revenue Fund and monies expended from this Fund are subject to Board of Supervisors appropriation approval.

Comments:

1. Mr. Joe Grubb, Executive Director of the Rent Board, states that the Rent Board is proposing to increase the Rent Board fees from \$16 per unit to \$27 per unit, to cover additional labor and operational expenses for the Rent Board which has resulted from several factors. Mr. Grubb reports that the Rent Board is proposing a FY 2002-2003 budget of \$4,322,789, which is \$1,267,503 more than the Department's FY 2001-2002 budget of \$3,055,286.

2. According to Mr. Grubb, one of the primary reason for the requested fee increase is due to Proposition H, which was approved by the San Francisco voters on November 7, 2000. Mr. Grubb advises that the Rent Board's caseload was substantially reduced after Proposition H was approved, because Proposition H prohibited the Rent Board from processing capital improvement passthrough filings. Mr. Grubb advises that such capital improvement passthrough filings had previously represented approximately one-third of all filings received by the Rent Board. However, although the Rent Board was prohibited from processing such petitions after Proposition H was approved, Mr. Grubb reports that owners continued filing petitions and the Rent Board was required to accept such petitions for capital improvement passthroughs.

San Francisco landlords subsequently filed a lawsuit against Proposition H, which resulted in the reversal of Proposition H and now the Rent Board is required again to begin processing these capital improvement passthrough filings. Mr. Grubb reports that the Rent Board currently has accumulated over 600 owner and tenant initiated petitions for such passthroughs of capital improvements and tenant issues. Mr. Grubb advises that the Rent Board will be requesting an additional 3.0 FTE temporary 8176 Administrative Law Judges in their FY 2002-2003 budget to address this backlog of petitions.

According to Mr. Grubb, it is unclear what the workload will be for the Rent Board in future years. However, Mr. Grubb advises that if the requested 3.0 FTE temporary positions are approved in the FY 2002-2003 budget, he estimates that it will take approximately two years to eliminate the existing backlog of capital improvement passthrough petitions. Mr. Grubb advises that when the Rent Board has eliminated this backlog of petitions and determined the amount of increased work resulting from the proposed other legislation, discussed below, the Rent Board will reevaluate the level of staffing, determine whether the temporary positions continue to be necessary and recalculate the required annual Rent Board fees.

3. In addition, Mr. Grubb advises that two ordinances recently approved by the Board of Supervisors will further increase the workload of the Rent Board. One ordinance (Ordinance 57-02), approved on May 3, 2002, which will become effective on June 2, 2002, will require the Rent Board to record all owner move-in eviction notices with the County Recorder. Mr. Grubb reports that between 730 to 1,000 such move-in eviction notices occur annually and the Department has requested one FTE 1424 Clerk Typist in the FY 2002-2003 budget to address this additional work.

In addition, Ordinance 62-02 which was also approved on May 3, 2002 and will become effective on June 2, 2002, requires the Rent Board Commission to review any changes to the City's Residential Hotel Visitor policies and for Rent Board staff to adjudicate any issues and disputes relating to such policies. Mr. Grubb advises that

although he has not requested any additional dedicated staff for this additional work, he anticipates that the above-noted 3.0 FTE Temporary Administrative Law Judges would be available to handle such additional responsibilities.

4. Mr. Grubb also advises that recently proposed legislation (File 02-0716), which would amend the City's Rent Control Ordinance regarding permissible passthroughs from landlords to residential tenants of certain bond costs, and costs for capital improvements, rehabilitation, energy conservation improvements, and renewable energy improvements would add further responsibilities and costs for the Department. Mr. Grubb states that the Rent Board has therefore requested in their FY 2002-2003 budget additional Department of Telecommunications and Information Services (DTIS) assistance to develop a webpage at an estimated cost of \$15,000 and related database modifications at an estimated cost of \$12,000 as well as an additional \$60,000 to contract for community outreach services to advise the public regarding the new provisions in this proposed legislation. The Budget Analyst notes that the subject legislation (File 02-0716) is currently pending in the Health and Human Services Committee of the Board of Supervisors.

5. The Board of Supervisors approved a one-year Rent Stabilization and Arbitration Fee increase from \$16 to \$19 for FY 2000-2001 only, in order to eliminate the Rent Board's backlog of hearings at that time. Mr. Grubb advises that the Rent Board residential per unit fee was increased from \$10 to \$16, a 60 percent increase, in June of 1999, approximately three years ago.

6. Ms. Marla Taylor of the Controller's Office reports that in FY 2001-2002, the Rent Board will receive an estimated \$2,907,880 in revenue from the current annual fee of \$16 per residential unit. Ms. Taylor states that in FY 2000-2001, the Rent Board received approximately \$3,538,128 in revenue from the annual fees of \$19 per residential unit. These revenues include the fees received from residential hotel units, which are subject to one-half of the fees charged to each residential rental unit.

Ms. Taylor reports that the Controller's Office projects Rent Board Fee revenue of \$4,725,000 for FY 2002-2003, assuming an estimated 175,000 residential units at the proposed new fee of \$27 per residential unit, based on past year revenues, a two percent delinquency factor, residential hotel units and the historic rate of decline in the total number of units subject to the fee. Mr. Grubb advises that the number of residential units in the City are declining, due to owner move-in evictions and Ellis Act evictions, which permit property owners to evict tenants, if the residential unit that is occupied by the tenant will be permanently removed from the rental market.

7. As noted above, Mr. Grubb advises that the Rent Board is proposing a FY 2002-2003 budget of \$4,322,789, which is \$1,267,503 more than the Department's FY 2001-2002 budget of \$3,055,286. Therefore, the Rent Board's proposed FY 2002-2003 budget request of \$4,322,789, is \$402,211 less than the Controller's projections for \$4,725,000 of revenue from the proposed increased fee level of \$27 per residential rental unit.

8. The Budget Analyst recommends that the proposed ordinance be continued and transferred to the Budget Committee to be heard when the Rent Arbitration Board's budget is heard by the Budget Committee in June of 2002 because (a) the proposed fee increase is partially based on pending legislation (File 02-0716) which would permit passthrough costs of certain bonds and capital improvements to be shared between landlords and tenants, that has not yet been approved by the Board of Supervisors and (b) the subject \$27 fee is based on the Department's proposed increased FY 2002-2003 budget, which has not yet been reviewed by the Budget Analyst's Office or the Budget Committee. The Budget Analyst will be reviewing all of the requested budgetary increases in the forthcoming FY 2002-2003 budget review process.

Recommendation:

Continue and transfer the proposed ordinance to the Budget Committee to be heard in June of 2002, together with the Rent Arbitration Board's proposed FY 2002-2003 budget.

Item 7 - File 02-0675

Department: Public Works

Item: Hearing to consider the release of reserved funds in the amount of \$150,000 for the Sloat Boulevard Median Island Landscape Improvements Project.

Amount: \$150,000

Source of Funds: Board of Supervisors addback of General Fund monies reserved in the Fiscal Year (FY) 2001-2002 Department of Public Work's budget.

Description: During the FY 2001-2002 budget review, the Board of Supervisors appropriated and reserved \$150,000 to the Department of Public Works (DPW) for a median island landscape improvements project in District 7. Such funds were placed on reserve pending submission to the Finance Committee of (1) a specific description of the median island landscape project, and (2) project budget details.

The DPW has identified the median island landscape improvements project, located on Sloat Boulevard from 21st Avenue to Junipero Serra Boulevard. According to Mr. Mohammed Nuru of DPW, the existing landscaped median islands on Sloat Boulevard cover approximately 25,000 square feet with current plantings consisting of 13 Bushy Yate trees and a groundcover of Acacia Redolens. Mr. Nuru reports that DPW staff has removed significant portions of the Acacia because the Acacia has become overgrown and excessively high, causing traffic safety concerns over poor visibility.

According to Mr. Nuru, the proposed Sloat Boulevard Median Island Landscape Improvements Project would replace the Acacia groundcover with a variety of drought tolerant, low growing, low maintenance groundcovers that would provide better visibility to motorists and require less maintenance by DPW staff. Mr. Nuru reports that the 13 Bushy Yate trees would remain at their current sites, and the DPW would plant six additional Bushy Yate trees along the median islands.

Budget: The Attachment, provided by DPW, is a budget totaling \$150,000 for the proposed Sloat Boulevard Median Island Landscape Improvements Project.

Comment: According to Mr. Sherman Hom of DPW, the landscape architecture design and construction management for the proposed project would be done by existing DPW staff at an estimated cost of \$32,003. Mr. Hom reports that an outside contractor, to be selected through a competitive bid process, would complete the construction work at an estimated cost of \$117,997. Mr. Hom further reports that the construction work portion of the subject project would be put out to competitive bid in August of 2002 and a contractor would be selected by October of 2002. According to Mr. Hom, DPW anticipates that the proposed Sloat Boulevard Median Island Landscape Improvements Project will be completed by January of 2003.

Recommendation: Approve the requested release of reserved funds in the amount of \$150,000.

Sloat Blvd. Median Landscape Improvements

Landscape Architecture Design

DPW-Bureau of Engineering

Position	Hrly Rate	Total Hrs	Amount
Sr. Landscape Architect (5275)	\$122.90	3	\$369
Landscape Architect (5274)	\$98.66	20	1,973
Landscape Architectural Associate II (5272)	\$83.19	40	3,328
Landscape Architectural Associate I (5262)	\$72.03	40	2,881
Civil Engineering Associate I (3364)	\$69.47	80	5,558
Sr. Clerk Typist (1426)	\$56.72	50	2,836
Subtotal BOE		233	\$17,067

Construction Management

DPW-Bureau of Construction Management

Position	Hrly Rate	Total Hrs	Amount
Sr. Engineer (5211)	\$122.90	40	\$4,916
Construction Inspector (6318)	\$83.19	100	8,319
Sr. Clerk Typist (1426)	\$56.72	30	1,702
Subtotal BCM		170	\$14,937

Design and Construction Management Cost

Note: Hourly rates include fringe benefits and overhead rates.

Construction

Item	Cost Per Unit	No. of Units	Amount
36" Box Trees	\$800	6	\$4,800
2" layer mulch	\$0.50	25,000 sq. ft.	12,500
5 gallon shrubs	\$50	1,550	77,500
Mobilization - initial sum to set up work site			5,000
Traffic routing - to set up warning signs, direct traffic, warn motorists during construction			7,200
Subtotal			\$107,000
Contingency			10,997
Total Construction Cost			\$117,997

Project Budget Summary

Design and Construction Management Cost
Construction Cost

Total Project Budget

\$32,003
\$117,997
\$150,000

Items 8, 9 and 10 – Files 02-0708, 02-0709, and 02-0704

Departments: Administrative Services Department, Real Estate Division (RED)
Sheriff's Department

Items: File 02-0708: Resolution authorizing a new lease of 18,862 square feet of space at 1740 Folsom Street for the Sheriff's Department to consolidate training facilities.

File 02-0709: Resolution authorizing a new sublease of 4,997 square feet of space at 555 7th Street to the San Francisco Pre-Trial Diversion Project.

File 02-0704: Ordinance appropriating \$351,858 from FY 2001-02 Federal funding for housing prisoners for one-time expenses associated with moving the Sheriff's training functions to 1740 Folsom Street.

File 02-0708: 1740 Folsom Street

Location: The entire building at 1740 Folsom Street, and the contiguous parking lot at 120 14th Street which can accommodate 15 vehicles.

Purpose of Lease: To provide space for the Sheriff's Department for a consolidated training facility for up to 180 trainees at a time, which can also be used for emergency command purposes. Emergency command is a chain of command structure which manages a natural or man-made emergency or City-wide event when the Sheriff needs to deploy his resources to respond, according to Ms. Jean Mariani of the Sheriff's Department.

Lessor: Mark Nelson Development, Limited Liability Company, and New California Land Company

Lessee: City and County of San Francisco, for use by the Sheriff's Department.

Term of Lease: Ten years, commencing upon substantial completion of tenant improvements (estimated to be July 1, 2002) and expiring on June 30, 2012.

**No. of Sq. Ft. and
Cost Per Month:**

18,862 square feet at a base monthly rate of \$31,436.67 (approximately \$1.67 per square foot per month), totaling \$377,240 (\$20.00 per square foot per year) for each of the first five years of the proposed lease.

Beginning July 1, 2007, the sixth year of the proposed lease, there will be a one-time increase in the base rent based on the percentage increase in the *Consumer Price Index for All Urban Consumers* for the San Francisco-Oakland-San Jose area since 2002, with a minimum increase of 15 percent to \$433,826 per year, and a maximum increase of 30 percent to \$490,412 per year.

Right of Renewal:

Two additional terms of five years each. Each five-year option to extend would adjust the base rent to 95 percent of the then prevailing market rental rate for similar premises as determined by the Lessor based on at least five recent comparable lease transactions. If the City disputes the Lessor's determination of the prevailing market rental rate, the City can propose its own prevailing market rental rate. If the Lessor and the City still disagree, they shall each select one commercial real estate agent who will in turn select a third real estate agent to choose between the Lessor's or the City's determination of the prevailing market rental rate.

Right of First Refusal: The City has first right of refusal in the event the Lessor decides to sell 1740 Folsom Street building.

**Utilities, Maintenance,
Repair, and Janitorial
Services:**

The City will pay for electricity, gas, and water at an estimated annual cost of \$27,400. The Lessor will provide maintenance, repair, and janitorial services at no additional cost to the City.

Tenant Improvements: The total estimated tenant improvement costs to be fully paid by the City are \$221,104 comprising:

- (a) \$41,104 for the construction of two locker rooms, a moveable wall between two classrooms, and a training prison cell.
- (b) \$30,000 for an existing three-day back-up generator and associated equipment which is located outside

the 1740 Folsom Street building in the parking lot. According to Mr. Charlie Dunn of RED, due to the power outages experienced by San Francisco in the last year, back-up generators have substantial market value. The Lessor, in consultation with the generator's original vendor, has valued this generator at \$30,000. The Lessor was not prepared to include the generator in the rental rate.

- (c) \$150,000 for the purchase and installation of telephone equipment by the Department of Telecommunications and Information Services (DTIS).

All permanently installed tenant improvements will belong to the Lessor. The Lessor will be responsible for the maintenance costs related to the generator. The City will be responsible for all generator operating costs.

Source of Funds:

As shown in the proposed budget under File 02-0704 below, the Sheriff's Department has estimated total one-time tenant improvement, moving, equipment purchase, DTIS work order, and RED work order costs of \$351,858 associated with moving the Sheriff's training functions to 1740 Folsom Street. The source of funds for these one-time costs would be the U.S. Bureau of Justice Assistance, Federal Department of Justice, FY 2001-02 funding for housing prisoners (File 02-0704).

The source of funds for the ongoing annual rent and utilities costs of 1740 Folsom Street would be included in the Sheriff's Department's annual General Fund budgets.

Description:

Currently, the Sheriff's Department's training functions for new uniformed personnel are located at three separate facilities: (a) the City-owned building at 555 7th Street; (b) the City-owned building at 30 Van Ness Avenue; and the Treasure Island Brig leased by the Sheriff's Department from the Treasure Island Development Authority. The proposed lease of 1740 Folsom Street under File 02-0708 would permit the Department to consolidate its training functions, which are presently provided at those three facilities, into one location with more appropriate classroom spaces, according to Ms. Mariani. 1740 Folsom Street contains a 10,110 square foot training space. According to Ms. Mariani, the

Sheriff's Department hires and trains 79 new Deputies each year, and the 764 sworn personnel in the Sheriff's Department receive a minimum of 24 hours of in-service and refresher training each year.

Furthermore, because 1740 Folsom Street meets the City's latest seismic codes and has a three-day back-up generator, 1740 Folsom Street would also be used for emergency command purposes when such a function is necessary for the Sheriff's Department, as stated in the Attachment to this report. While the Sheriff's Department participates in emergency response coordination activities at the City's Combined Emergency Communications Center located at 1011 Turk Street, the Sheriff's Department also requires an emergency command post to coordinate its own tasks during emergencies or large-scale events, as stated in the Attachment. At present, the Department uses classroom space at 555 7th Street as an emergency situation command post. The Attachment explains why this arrangement is unsatisfactory for the Sheriff.

The City-owned 555 7th Street space to be vacated by the Sheriff's Department would be occupied by the San Francisco Pre-Trial Diversion Project (File 02-0709). The City-owned 30 Van Ness Avenue space to be vacated by the Sheriff's Department would be occupied by the Ethics Commission (see Comment No. 3). The lease with the Treasure Island Development Authority for the Treasure Island Brig expires on June 30, 2002 (see Comment No. 4).

File 02-0709: 555 7th Street

Location: 555 7th Street, Suite 210, which has six parking stalls.

Purpose of Sublease: To provide space for the San Francisco Pre-Trial Diversion Project.

Lessor: City and County of San Francisco, acting by and through RED.

Sub-lessee: The San Francisco Pre-Trial Diversion Project, a 501(c)3 non-profit agency which, in FY 2001-2002, was

BOARD OF SUPERVISORS
BUDGET ANALYST

approximately 40.9 percent funded by the Sheriff's Department. In FY 2001-2002, the San Francisco Pre-Trial Diversion Project received (a) \$685,795 in General Fund monies from the Sheriff's Department, and (b) \$989,061 from various Federal and State grants, program revenues, and client fees, for total funding of \$1,674,856. According to Ms. Mariani, the San Francisco Pre-Trial Diversion Project was established 25 years ago to provide alternatives to incarceration for offenders currently in the Sheriff's custody. First-time non-violent offenders receive mentoring and community programs through the San Francisco Pre-Trial Diversion Project which would otherwise have to be provided by the Sheriff's Department. The Attachment provides further information about the role and funding of the San Francisco Pre-Trial Diversion Project.

Term of Sublease: Two years commencing upon substantial completion of the tenant improvements for the Sheriff's Department at 1740 Folsom Street, estimated to be on July 1, 2002, at which time the Sheriff's Department will move from 555 7th Street to 1740 Folsom Street, thereby making available 4,997 square feet of vacant space at 555 7th Street into which the San Francisco Pre-Trial Diversion Project would move. The sublease term expires on June 30, 2004.

Right of Renewal: Four options to extend the term for one year each, at a rent to be adjusted in accordance with the annual percentage change in the *Consumer Price Index for Urban Wage Earners and Clerical Workers* for the San Francisco-Oakland-San Jose area.

**No. of Sq. Ft. and
Cost Per Month:** 4,997 square feet at a monthly rate of \$12,492.50 (\$2.50 per square foot per month), totaling \$149,910 (\$30.00 per square foot per year) for each of the two years of the proposed sublease. The \$30.00 per square foot per year comprises (a) \$18.71 for base rent (approximately 62.4 percent), plus (b) \$11.29 for all utilities, janitorial services, and building operating costs (approximately 37.6 percent). Therefore, the base monthly rent per square foot is approximately \$1.56 excluding utilities, janitorial services, and building operating costs.

**Utilities, Janitorial
Services, and
Building Operating
Costs:**

The cost of utilities, janitorial services, and building operating costs is included in the annual rent payable by the San Francisco Pre-Trial Diversion Project to the City. The subject 4,997 square feet of 555 7th Street represents approximately 16 percent of that building's total 32,000 square footage. Therefore, the San Francisco Pre-Trial Diversion Project will be responsible for 16 percent of the increases in utilities, janitorial services, and building operating costs at 555 7th Street above the FY 2002-2003 base year (\$11.29 per square foot per year).

Tenant Improvements: None.

Description:

The proposed sublease of 555 7th Street by the City through RED to the San Francisco Pre-Trial Diversion Project would provide 4,997 square feet of the City-owned space at 555 7th Street. This space is to be vacated by the Sheriff's Department if both this proposed sublease and the proposed lease of 1740 Folsom Street (File 02-0708) are approved. The memorandum of understanding between the Sheriff's Department and RED concerning the Sheriff's Department's occupancy of second floor space at 555 7th Street includes the right for the Sheriff's Department to sublease that space. Under the proposed resolution, the Sheriff's Department would exercise that right to sublease by entering into the proposed sublease with the San Francisco Pre-Trial Diversion Project.

The San Francisco Pre-Trial Diversion Project is currently located at 567 7th Street and occupies 4,500 square feet for 28 employees (an average of approximately 160.7 square feet per employee). According to Ms. Mariani, 567 7th Street only has a very small conference space. As stated in the Attachment, the San Francisco Pre-Trial Diversion Project proposes to sublease the 4,997 square feet at 555 7th Street due to its crowded conditions at 567 7th Street. Therefore, the San Francisco Pre-Trial Diversion Project employees would increase to 9,497 square feet for its 28 employees, including a 1,363 square foot conference room which can also be used as a classroom for program participants, resulting in an average of 290.5 square feet per employee, net of the

Memo to Finance Committee
May 22, 2002 Finance Committee Meeting

conference room. This represents an increase of approximately 129.8 square feet per employee, or approximately 80.8 percent. The San Francisco Pre-Trial Diversion Project will use the furniture already on-site.

Ms. Mariani states in the Attachment that the proposed sub-lease would increase the Sheriff's Department's General Fund contribution to the San Francisco Pre-Trial Diversion Project by \$9,910 in FY 2002-2003.

File 02-0704: Supplemental Appropriation

Amount: \$351,858

Source of Funds: U.S. Bureau of Justice Assistance, Federal Department of Justice, revenues received by the City in FY 2001-2002 for housing prisoners.

Proposed Budget: The Sheriff's Department anticipates that its one-time costs associated with moving to 1740 Folsom Street will amount to \$351,858 as shown in the table below:

<u>Proposed Expenditure</u>	<u>Amount</u>	<u>Subtotals</u>
Additional locker rooms and showers, a moveable wall, and a training cell	\$41,104	
Existing on-site back-up generator and associated equipment	30,000	
<i>Tenant improvements subtotal:</i>		\$71,104
Moving costs	30,000	
<i>Moving subtotal:</i>		30,000
Minor furnishings for training classrooms	8,807	
Electronic whiteboard and support hardware	3,195	
Multimedia plasma displays and support hardware	10,200	
New data processing router	39,752	
Systems consulting services associated with the new router	8,550	
Equipment maintenance associated with the new router	5,250	
<i>Equipment subtotal:</i>		75,754
Telephone switch and phone equipment	127,853	
DTIS support services	22,147	
<i>DTIS work order subtotal:</i>		150,000
RED services	25,000	
<i>RED work order subtotal:</i>		25,000
TOTAL:		\$351,858

Description: The Sheriff's Department is requesting a supplemental appropriation from Federal funds in the amount of \$351,858 for the above one-time costs of moving to 1740 Folsom Street.

Comments:

1. The Sheriff's Department calculates that the proposed consolidation of its training facilities at 1740 Folsom Street will result in more space for less money. The table on the following page shows that the Sheriff's Department will house its 24 training staff members in 2,426 more feet (from the current 16,436 square feet to a proposed 18,862 square feet) at a cost saving of \$124,626 annually, from the current cost of \$529,266 annually to the proposed cost of \$404,640 annually. The annual cost saving of \$124,626 comprises savings of (a) \$72,026 for rent, and (b) \$52,600 for utilities.
2. Even when taking into account that the City would also be funding (a) an additional 4,997 square feet for the San Francisco Pre-Trial Diversion Project at an additional General Fund cost of \$9,910 per year (as explained in the Attachment), and (b) an additional 1,439 square feet for the Ethics Commission at an additional cost of \$29,736 per year, the rental and utility costs decrease by \$84,980 annually, as also shown in the table on the following page.

Memo to Finance Committee
May 22, 2002 Finance Committee Meeting

<u>Rental Facilities</u>	<u>Square Feet</u>	<u>City Staff</u>	<u>Annual Rent</u>	<u>Annual Utilities</u>	<u>Annual FY 02-03 Cost</u>
<u>Sheriff's Existing Rental Facilities</u>					
555 7 th Street (training programs staff)	4,997	16	\$149,910	0	\$149,910
30 Van Ness (training programs staff)	1,439	8	29,736	0	29,736
Treasure Island Brig (training facilities for up to 44 trainees at a time)	<u>10,000</u>	<u>0</u>	<u>269,620</u>	<u>80,000</u>	<u>349,620</u>
Total:	16,436	24	\$449,266	\$80,000	\$529,266
<u>Sheriff's Proposed Rental Facilities</u>					
1740 Folsom Street (training programs staff, and training facilities for up to 180 trainees at a time)	18,862	24	\$377,240	\$27,400	\$404,640
<i>Proposed annual rent and Utilities decrease to Sheriff</i>			<i>\$72,026</i>	<i>\$52,600</i>	<i>\$124,626</i>
<u>Other Parties' Proposed Rental Facilities</u>					
555 7 th Street (San Francisco Pre-Trial Diversion Project)	N/A	N/A	9,910	0	9,910
30 Van Ness (Ethics Commission)	<u>1,439</u>	<u>5</u>	<u>29,736</u>	<u>0</u>	<u>29,736</u>
Total:	20,301	29	\$416,886	\$27,400	\$444,286
<u>Proposed square foot increase:</u>					
Proposed increase in the number of staff accommodated:	3,865	5			
<u>Proposed total annual rent decrease:</u>					
Proposed annual utility cost decrease:			\$32,380	\$52,600	
Proposed total annual cost decrease:					\$84,980

3. According to Mr. Dunn, the 1,439 square foot space at City-owned 30 Van Ness Avenue currently occupied by the Sheriff's Department will be taken over by the Ethics Commission on July 1, 2002 under a new memorandum of understanding between RED and the Ethics Commission. Mr. Dunn states that, while this memorandum of understanding will not be subject to Board of Supervisors approval, it has received the approval of the Mayor's Office of Finance. Currently the 11 staff of the Ethics Commission are accommodated in 2,998 square feet at 30 Van Ness Avenue (approximately 272.5 square feet per

BOARD OF SUPERVISORS
BUDGET ANALYST

staff member). Ms. Ginny Vida states that the Ethics Commission requires the additional 1,439 square feet of space at 30 Van Ness Avenue in order to accommodate (a) two additional positions in FY 2002-2003¹, (b) law clerks, interns, and volunteers, (c) storage for reports filed by campaign committees, campaign consultants, lobbyists, and City officers, and (d) public access to those files. With the addition of another 1,439 square feet to the 2,998 square feet already occupied by the Ethics Commission, the 13 Ethics Commission staff members will occupy 4,437 square feet (approximately 341.3 square feet each, an increase of approximately 25.2 percent over the current 272.5 square feet per staff member). Ms. Vida anticipates that the Ethics Commission's FY 2002-2003 budget will include the additional annual rent of \$29,736. The Ethics Commission will use the furniture already on site.

4. According to Mr. Dunn, the Treasure Island Brig lease expires on June 30, 2002, and thus the Sheriff's Department's rent obligations at that location will cease at that time. Ms. Annemarie Conroy of the Treasure Island Development Authority concurs. Ms. Conroy states that the Treasure Island Development Authority is currently working on a Request for Qualifications with a commercial real estate broker as part of its process to find a new lessee for the Treasure Island Brig. As explained in the Attachment, the Treasure Island Brig lease only permits the Sheriff's Department to use the facility for 90 days per year, which is inadequate to meet State mandates.

5. Mr. Dunn reports that the proposed base rent of \$1.67 per square foot per month at 1740 Folsom Street represents fair market value. Mr. Dunn further states that 1740 Folsom Street contains office furniture from the previous tenant, a failed Internet business, which the Lessor purchased at a heavily discounted rate (because it had no salvage value) and included in the lease terms at no additional cost. Mr. Dunn states that purchasing office furniture typically costs between \$3,500 and \$5,000 per staff member. Mr. Dunn advises that RED considered

¹ Ms. Vida states that the Mayor's Office has approved two new positions for the Ethics Commission in FY 2002-2003: (a) a Public Finance Auditor Clerk funded by the Commission's Public Financing (Proposition O) budget, and (b) a Fines Collection Clerk funded by anticipated revenues.

other rental properties without furniture which had the same or higher rental costs.

6. Mr. Dunn reports that the proposed base rent of \$1.56 per square per month at 555 7th Street represents fair market value.

7. As noted in the table above, the proposed lease of 1740 Folsom Street (File 02-0708) and the proposed sublease of 555 7th Street (File 02-0709) would:

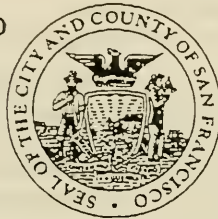
- Increase space for City staff members and clients by 3,865 square feet, increasing the average space per staff member by 187.5 square feet.
- Decrease General Fund costs for rental facilities by \$84,980 per year, including \$32,380 in annual rent costs and \$52,600 in annual utility costs.

Recommendations:

1. Approve the proposed resolution authorizing the lease at 1740 Folsom Street (File 02-0708).
2. Approve the proposed resolution authorizing the sublease at 555 7th Street (File 02-0709).
3. Approve the proposed ordinance appropriating \$351,858 for one-time moving expenses (File 02-0704).

City and County of San Francisco

OFFICE OF THE SHERIFF

Michael Hennessey
SHERIFF

415 - 554 - 7225

May 15, 2002

Reference: CFO 2002-016

TO: Budget Analyst's Office

FROM: Jean Mariani *JM*

SUBJECT: Sheriff's Proposed Lease of Training Facility

Listed below are your points (*in italic*) and the information you requested:

What the planned functional uses of 1740 Folsom Street will be, including (a) exactly how the 18,862 square feet will be configured, and for what purposes (please include a breakdown of the space by function), and

The space plan for 1740 Folsom Street builds on the pre-existing configuration with some minor modifications to address the Sheriff's Department's needs. Space allocations are as follows: 5,437 square feet for traditional staff areas (226 square feet per person); 10,110 of training and training related space (for up to 180 trainees, or 55 square feet per person); and 3,315 square feet of ancillary space (washrooms, breakrooms, recycling and uniform storage).

(b) how the new classroom space will be converted into an emergency command center.

The Sheriff is having installed the necessary infrastructure to provide 25 telephone outlets in one of the large classrooms. In the event of an emergency, the Sheriff's Department will cross utilize that classroom and personnel at 1740 Folsom Street to set up the appropriate level of emergency response. The large classroom space and furnishings lend themselves to the purpose of establishing a command post to assure appropriate tracking and deployment of staff, equipment and other resources. Another advantage of the new site is that the proposed facility meets the latest seismic codes and is served by substantial communications

and 3-day back up power infrastructure, which could be critical if the emergency results in power outages or failures.

Please contrast the 1740 Folsom Street space with the existing arrangements. Why does it need to change?

The current configuration of three separate locations does not appropriately address the needs of the Sheriff's Department. Consolidating these functions into one location would improve personnel management and efficiency, as well as improving communication among the various staff responsible for training.

The Sheriff's Department has occupied the current space at 555 7th Street for 18 years. During that time, the Department has nearly tripled in size. All the space at 555 7th is currently occupied and there are no opportunities for expansion at that site. The Treasure Island Brig lease permits the Sheriff to use the building 90 days per year, which is an inadequate amount of time given the Department's training requirements, which are mandated by two State agencies. When the Sheriff's lease for this space was submitted to the Finance Committee last year, the Committee instructed the Sheriff to seek new training space. This proposed lease is a result of that search.

Why aren't the 555 7th Street classrooms appropriate for emergency command purposes?

The 555 7th Street classrooms are currently used for emergency command purposes. The proposed 1740 Folsom Street space consolidates the training functions into one location. The emergency function will move with the training function to a more appropriate facility with enhanced services because of the robustness of the building's infrastructure and emergency power supply, which better lends itself to providing this function for the Department.

What is the role of the SF Pre-Trial Diversion Project, and its funding sources?

The San Francisco Pretrial Diversion Project (SFPDP) provides alternatives to incarceration for offenders who would otherwise be in jail. SFPDP has served San Francisco for over 25 years. Some of its programs include Mentor Court, Supervised Pretrial Release (SPR), Connections (defendants with mental health issues), Substance Abuse Referral Unit (SARU), Community Service Project, Fine Alternatives, and the Community Involvement Team (with the Department of Public Works). SFPDP funding includes \$685,795 of General Fund support and \$989,061 from a variety of grant and program funds.

(including Local Law Enforcement Block Grant, State Board of Corrections Mentally Ill Offender Crime Reduction Grant, and client fees).

Why does the SF Pre-Trial Diversion Project need more space? Please quantify the growth in client numbers, and the projected client numbers in the next few years.

SFPDP reports that it currently rents space at 567 7th Street housing 28 staff. Of SFPDP's total caseload of 9,500, approximately 250 clients visit the site daily. The space has little privacy for client meetings and its only conference room barely seats a dozen people. The proposed lease at 555 7th Street would permit SFPDP to consolidate its services under the Mentally Ill Offender Crime Reduction Grant, providing private office space for sensitive cases for 10 MIO staff from SFPDP and other MIO grant partners; permit extensive use of the conference room for trainings and participant groups, particularly for the MIO project; consolidate Mentor Court and a new Street to Work collaboration project with 3 staff; and consolidate SPR, Pretrial Diversion and Project 20 staff into the new space (9 staff).

Will the City effectively be paying for the SF Pre-Trial Diversion Project's increased rental costs, given that the Sheriff's Dept is that agency's primary funder?

Of the \$149,910 annual rental cost, SFPDP advises it intends to allocate \$25,000 of existing budgeted funds in SFPDP's contract for the Mentor Court and Street to Work project, \$15,000 from Project 20/PTD budgeted contract funds, \$100,000 from the MIO project grant budget (State Board of Corrections funds) and the remaining balance of \$9,910 from the Sheriff's existing General Fund budget as an augmentation to its contract with SFPDP.

Item 11 – File 02-0752

Department: Department of Public Health (DPH)

Item: Resolution endorsing the transfer of State General Fund monies, previously allocated to the DPH, to the California Mental Health Directors Association for a contract to provide services to foster care and other Medi-Cal eligible children who are residents of San Francisco but are placed in facilities outside of San Francisco.

Amount: \$48,750

Source of Funds: State of California General Fund

Description: The DPH currently participates in a Statewide contract with other counties for the provision of mental health services to San Francisco children who are placed by the City's Department of Human Services (DHS) in out-of-county foster care facilities or adopted by families residing outside of San Francisco County. The California Mental Health Directors Association (CMHDA), a nonprofit organization comprised of mental health directors Statewide, contracts with the Statewide Administrative Services Organization (ASO) Value Options, a private behavioral health organization, to provide mental health referral services for San Francisco children who are placed by DHS in out-of-county foster care facilities or adopted by families residing outside of San Francisco County. As stated by Ms. Sai-Ling Chan-Sew of DPH in the attached memorandum (Attachment I), "All of these children whether they are placed through the dependency court or through the adoption process are full scope MediCal recipients from San Francisco."

Under the ASO contract between CMHDA and Value Options, Value Options pays the mental health provider directly for the mental health services provided to eligible foster care children and adopted children, and receives reimbursement from CMHDA for provider payments and administrative fees for the contract term, which is from July 1, 2001 through June 30, 2005.

Under the proposed resolution, San Francisco's DPH would transfer to CMHDA \$48,750 of the State General Fund monies previously allocated for distribution to San Francisco for mental health services in FY 2001-2002 for San Francisco children who are placed by DHS in an out-of-county foster care facility or adopted by families residing outside of San Francisco County. These subject State General Fund monies would be used to reimburse CMHDA for payments made to Value Options for mental health services provided to such eligible children. According to Mr. Philip Tse of the DPH, the DPH, and not the State, determines the amount of State General Fund monies to be transferred to the CMHDA based on the anticipated number of children to receive such services during each fiscal year.

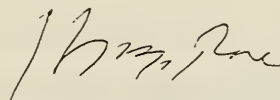
According to Ms. Chan-Sew, DPH estimates that the proposed transfer of \$48,750 in State General Fund monies represents approximately 49 percent of the estimated \$100,000 needed to cover the costs of mental health services provided to San Francisco children placed by DHS in out-of-county foster care facilities or adopted by families residing outside of San Francisco County for FY 2001-2002. In addition, San Francisco is eligible to receive an estimated \$51,250 in Federal matching funds in FY 2001-2002 for total funding of \$100,000 (\$48,750 State General Fund monies plus \$51,250 Federal matching funds) for the mental health services provided to such eligible children. According to Ms. Chan-Sew, the \$51,250 in Federal matching funds also would be paid by DPH to the CMHDA, as approved by the Board of Supervisors in DPH's FY 2001-2002 budget. Attachment II, provided by Ms. Chan-Sew, contains additional information regarding the number of San Francisco children placed in out-of-county foster care facilities or adopted by families residing outside of San Francisco County who are anticipated to receive mental health services through the Statewide ASO referral program in FY 2001-2002 and the related costs.

Comment:

According to Mr. Tse, the purpose of transferring the subject State funds in the amount of \$48,750 together with the Federal matching funds in the amount of \$51,250, or a total of \$100,000, from the DPH to the

CMHDA is to facilitate access to mental health services for eligible San Francisco children who are placed in out-of-county foster care facilities or adopted by families residing outside of San Francisco County through the Statewide ASO referral program.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
President Ammiano
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

City and County of San Francisco

Department of Public Health



May 16, 2002

To: Board of Supervisors Budget Analyst

From: Sai-ling Chan Sew, Director
DPH Children's Mental Health Services

RE: Children eligible for ASO Services

All children and youth placed through the San Francisco Department of Human Services in out-of county foster homes, group homes, and adopted homes who need outpatient mental health services can access the ASO services. All of these children whether they are placed through the dependency court or through the adoption process are full scope MediCal recipients from San Francisco.



City and County of San Francisco
Department of Public Health
COMMUNITY PROGRAMS DIVISION

Sai-Ling Chan-Sew, LCSW
Director of Child, Youth & Family Section
Community Mental Health Services
1380 Howard Street, 5th Floor
San Francisco, CA 94103-2624
415.255.3439 Fax 415-255-3567

May 16, 2002

Anna LaForte
Budget Analyst Office
City Hall
San Francisco, CA 94102

Anna,

The following is addendum to the ASO resolution as requested:

Approximately 50% of the children and youth placed through the foster care system are placed in homes or programs outside of the city and county of San Francisco. However, San Francisco Department of Public Health continues to be responsible for their mental health care. The California Mental Health Directors' Association contracts with Value Option to be the Administrative Service Organization to authorize and identify mental health providers throughout the State of California.

Value Option authorizes for a range of outpatient treatment services including assessment, individual therapy, family therapy, group therapy and psychiatric medication. Approximately 100 children and youth who are placed out of county are referred to Value Option for authorization of mental health services per year. The average cost per unit of service is \$60.00, and the total number of units to be provided is approximately 1,416. The administrative cost for CMHDA is 15% of the contract.

The contract amount of \$100,00 represents 100% of the cost of these services. CMHS will reimburse the CMHDA directly for the Federal Financial Participation portion of the contract only based on the number of units delivered, and the administrative costs, or 51.25% of these costs. The total represents our estimate of the cost that will be incurred in FY 01-02.

Please call or page me if you have further questions.

Thanks.

A handwritten signature in black ink, appearing to read "Sai-Ling Chan-Sew".

Sai-Ling Chan-Sew



City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Aaron Peskin and Chris Daly

Clerk: Gail Johnson

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, May 29, 2002

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Chris Daly, Tom Ammiano.

Supervisor Ammiano appointed himself to serve as a member of the Finance Committee.

MEETING CONVENED

The meeting convened at 12:39 p.m.

020635 [Lease of Property]

Resolution authorizing the lease of real property at 945 Bryant Street, San Francisco, California, for the Public Library. (Real Estate Department)

(Fiscal impact; District 6.)

4/22/02, RECEIVED AND ASSIGNED to Finance Committee.

5/15/02, AMENDED. Heard in Committee.

Amended on page 1, line 3, by replacing "Human Services" with "Public Library."

5/15/02, CONTINUED. Heard in Committee. Speakers: John Kennedy, Deputy City Attorney; Susan Hildreth, City Librarian; Marc McDonald, Director of Property, Real Estate Division, Administrative Services Department.

Continued to 5/22/02.

5/22/02, CONTINUED. Speakers: None.

Continued to 5/29/02.

Speakers: None.

FILED by the following vote:

Ayes: 2 - Peskin, Daly

Absent: 1 - Ammiano

020791 [Accept and Expend State Funds - Victim Compensation Program]**Supervisors Leno, Daly**

Resolution authorizing the Department of the District Attorney of the City and County of San Francisco to accept and expend funds in the amount of \$75,000 made available through the State of California Victim Compensation and Government Claims Board to reimburse local group mental health counseling, education and activities to promote tolerance for individuals at risk for discrimination as a result of terrorism and backlash from terrorism, and waiving indirect costs due to funding constraints.

5/13/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tim Silard, District Attorney's office. (Supervisor Daly added as co-sponsor.)

RECOMMENDED.. by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020634 [Japan Center Garage Public Parking Lease]

Resolution approving the proposed new Japan Center Garage Public Parking Lease by and between the City and County of San Francisco and the City of San Francisco Japan Center Garage Corporation. (Parking and Traffic Department)

4/18/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ronald Szeto, Acting Director, Parking Authority; Rob Eshelman, Legislative Aide to Supervisor Gonzalez; Steve Nakajo, President, Japan Center Garage Corporation; Richard Hashimoto, Japan Center Garage Corporation; Edward Harrington, Controller.

Continued to 6/5/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020842 [Competitive Bid and Prevailing Wage Exemption for Job Training]**Supervisor Maxwell**

Ordinance exempting the San Francisco Conservation Corps from the prevailing wage requirements and waiving the competitive bid requirements for the Recreation and Park Commission's award of a contract for construction of playgrounds, restoration of natural areas and implementation of erosion control measures in San Francisco parks.

5/20/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Marvin Yee, Recreation and Park Department; Harvey Rose, Budget Analyst; Anne Cochran, Executive Director, San Francisco Conservation Corps.

Continued to 6/5/02

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

012027 [Appropriation - Airport Commission Airline Passenger Facility Charge (PFC2) Revenue]

Ordinance appropriating \$224,034,821 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on bonds issued for certain eligible costs associated with the development of the new international terminal complex, and the development and implementation of the precision runway monitoring system at the Airport Commission for fiscal year 2001-02. (Controller)

(Fiscal impact.)

12/3/01, RECEIVED AND ASSIGNED to Finance Committee.

5/15/02, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Wade Crowfoot, Legislative Aide to Supervisor Peskin; John Kennedy, Deputy City Attorney; John Bardis; Edward Harrington, Controller.

5/15/02, CONTINUED AS AMENDED. Continued to 5/29/02.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Airport.

Amendment of the Whole prepared in Committee.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating \$18,800,000 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on bonds issued for certain eligible costs associated with the development of the new international terminal complex at the Airport Commission for fiscal year 2001-02. (Controller)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020473 [Reserved Funds, S.F. International Airport]

Hearing to request release of reserved funds, S.F. International Airport (Fiscal Year 2001-2002 Budget), in the amount of \$54,387,447, as partial reimbursements for funds expended on all contracts related to the development of data to be used in the preparation of the required EIR/EIS documents for the proposed runway project. (Airport Commission)

3/28/02, RECEIVED AND ASSIGNED to Finance Committee.

5/15/02, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John Martin, Airport Director; Wade Crowfoot, Legislative Aide to Supervisor Peskin; John Kennedy, Deputy City Attorney; John Bardis; Edward Harrington, Controller. Continued to 5/29/02.

Release of reserved funds in the amount of \$41,893,072 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020880 [Single Room Occupancy Task Force]
Supervisor Ammiano**

Hearing to review the status and receive an update on the Single Room Occupancy Task Force.

5/20/02, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the May 29, 2002 meeting.

Heard in Committee. Speakers: Anne Kronenberg, Chair, SRO Task Force; Darien Skaon, Department of Human Services; Commander Suhr, Police Department; Jamie Sanbonmatsu, Code Enforcement Outreach Program; Department of Building Inspection; Nyle Vignon, Deputy City Attorney; Antoinette Staelman; Peter Shemby, Fire Department, San Francisco Fire Prevention; Emanuel Smith, Jr., Tenant Representative, SRO Task Force; Barbara Spillane-Peyton; Mr. Reff (lives in Hartland Hotel); Rebecca Dormand; Female Speaker; Pauli Wai, SRO Project Coordinator; Seth Katzman, Conard House, Inc.; Joseph McCowan; Samuel "Shorty" Lagasca; Wai Ching Kwan; Shao Jun Lee; Bao Wood Wong; Angela Chu; Joanna Hagerty; Robert Butier; Joff Monroe; Meredith Walkers; Paul Logarth; Wendy Phillips; Prince Bush; Christina O'Lagul; Earl Brown; Female Speaker; Ernestine Weiss.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020728 [Affordable Housing General Obligation Bonds]

Mayor, Supervisors Ammiano, McGoldrick, Newsom, Maxwell, Sandoval, Daly, Leno, Peskin

Resolution determining and declaring that the public interest and necessity demand improvements in the City and County of San Francisco consisting of financing the acquisition, rehabilitation, renovation, improvement, construction, refinancing or preservation of privately-owned or leased rental and housing affordable to low- and moderate-income households, providing downpayment assistance to low- and moderate-income first time homebuyers and paying all other costs necessary and convenient for effectuating those purposes, that the estimated cost of \$250,000,000 for the improvements described above is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53. (Mayor)

(Fiscal impact.)

5/6/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Kawa, Mayor's Office; Mr. Higashi, Mayor's Office of Housing; Ernestine Weiss; Natalie Kimball, California Federal Bank; Cornelia Sapiro; Lula McClay, San Francisco Organizing Project; Shannon Dodge; Shannon Dodge; Janus Yakas; Joyce Calagos; George R. Williams; Joyce Ruffin; Gail Lang; Calvin Welch, Council of Community Housing Organizations. (Supervisor Peskin added as co-sponsor.)

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020759 [Zoo General Obligation Bond Sale]**Mayor**

Resolution authorizing and directing the sale of not to exceed \$6,500,000 City and County of San Francisco General Obligation Bonds (Zoo Facilities Bonds, 1997), Series 2002A; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the forms of the official notice of sale and notice of intention to sell bonds; approving the form and execution of the official statement relating thereto; approving the form of the continuing disclosure certificate; amending Section 9(b) of the Authorizing Resolution; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds. (Mayor)

5/8/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Moyer, Mayor's Office of Public Finance.

Amendment of the Whole prepared in Committee.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution authorizing and directing the sale of not to exceed \$6,210,000 City and County of San Francisco General Obligation Bonds (Zoo Facilities Bonds, 1997), Series 2002A; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the forms of the official notice of sale and notice of intention to sell bonds; approving the form and execution of the official statement relating thereto; approving the form of the continuing disclosure certificate; amending Section 9(b) of the Authorizing Resolution; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds. (Mayor)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020795 [Fifth and Mission Parking Garage Bond Refinancing]**Mayor**

Resolution approving and authorizing the issuance of City of San Francisco Downtown Parking Corporation Parking Revenue Refunding Bonds to refund bonds previously issued by the City of San Francisco Downtown Parking Corporation; approving a bond indenture modifying the maximum amount of the surplus revenue fund; authorizing and ratifying the execution and delivery of documents reasonably necessary for the issuance, sale and delivery of such refunding bonds; and ratifying previous actions taken in connection therewith. (Mayor)

5/13/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Moyer, Mayor's Office of Public Finance.

Amendment of the Whole prepared in Committee.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020851 [Certificates of Participation to Replace the Existing San Francisco Juvenile Hall]
Supervisor Hall**

Resolution authorizing the execution and delivery of certificates of participation to finance the acquisition, improvement, construction and/or reconstruction of a new juvenile detention facility to replace the existing San Francisco Juvenile Hall; approving the form of a property lease between the City and County of San Francisco (the "City") and a trustee relating to certain City-owned property (as further described in this Resolution); approving the form of a project lease between the City and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; approving the form of a trust agreement between the City and a trustee (including certain indemnities contained therein); approving the form of an official notice of sale and notice of intention to sell for the certificates of participation; approving the form of an official statement in preliminary and final form; approving the form of a continuing disclosure certificate; authorizing the filing of a validation action validating the execution and delivery of the certificates of participation; authorizing the reimbursement of certain expenditures; authorizing the payment of costs of issuance; adopting findings under the California Environmental Quality Act and findings pursuant to the City Planning Code Section 101.1; and ratifying previous actions taken in connection therewith.

(Fiscal impact.)

5/20/02, RECEIVED AND ASSIGNED to Finance Committee. (5/30/02 - Referred to Youth Commission for comment and recommendation.)

Speakers: None.

Continued to 6/5/02.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

**020773 [Interdepartmental Jurisdictional Transfer of Property (Phelps Street Land Transfer)]
Mayor**

Resolution transferring jurisdiction from the Public Utilities Commission to the Municipal Transportation Agency the real property identified as a portion of Assessor's Parcel No. 5262/9 for a substation for the San Francisco Municipal Transportation Agency's Third Street Light Rail Project; adopting findings pursuant to the California Environmental Quality Act; and adopting Findings that the transfer of jurisdiction is consistent with the City's General Plan and the Eight Priority Policies of the Planning Code Section 101.1. (Mayor)

5/15/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kirsten McGarry, Municipal Railway.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

020826 [Lease of Real Property]

Resolution authorizing a new lease of real property at 68 12th Street on behalf of the Department of Public Health, Emergency Medical Services. (Real Estate Department)

(Public Benefit Recipient; District 6.)

5/15/02, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judy Shotzman, Department of Public Health; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Edward Harrington, Controller.

RECOMMENDED.. by the following vote:

Ayes: 3 - Peskin, Daly, Ammiano

ADJOURNMENT

The meeting adjourned at 4:32 p.m.

0.25
7
29/02

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 23, 2002

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

MAY 29 2002

SUBJECT: May 29, 2002 Finance Committee Meeting

**SAN FRANCISCO
PUBLIC LIBRARY**

Item 2 – File 02-0791

Department: District Attorney

Item: Resolution authorizing the District Attorney to accept and expend a grant in the amount of \$75,000 from the California Victim Compensation and Government Claims Board for a program entitled, "Victim Compensation Program".

Amount: \$75,000

Grant Period: September 12, 2001 through July 2, 2002 (See Comment No. 1).

Source of Funds: State Victim Compensation and Government Claims Board.

Required Match: None required.

Indirect Costs: None. Indirect costs are not included in order to maximize the use of grant funds on direct services.

Description: The proposed resolution authorizes the District Attorney's Office to accept and expend a one-time grant of \$75,000 from the State Victim Compensation and Government

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

Claims Board for the Victim Compensation Program, a program designed to provide mental health counseling, increase public awareness and promote tolerance for members of the Arab and Muslim communities who are at risk of discrimination as a result of the September 11, 2001 terrorist attacks. According to Mr. Tim Silard of the District Attorney's Office, the proposed program would (a) provide community outreach and education at schools, grassroots organizations, small businesses, houses of worship and community centers, (b) provide materials and curricula, in English, Farsi, Punjabi, Hindi and Arabic, on hate violence, hate crimes, victim rights, resources for victims and witnesses and other related issues through the internet, the media, a poster campaign and distribution of resource cards, (c) provide educational training, presentations, and panels to educate and sensitize people at risk for victimization and to the general public, and (d) conduct a public education campaign to encourage the reporting of incidents of hate crimes.

Budget: The summary budget for the "Victim Compensation Program" is as follows:

Grant Funds

8178 Senior Attorney, Civil and Criminal	80 hours @ \$52.35/hour	\$4,188	
8129 Victim/Witness Investigator I	80 hours @ \$22.23/hour	1,778	
8132 Investigative Assistant	<u>80 hours @ \$23.05/hour</u>	<u>1,844</u>	
	240 hours total	7,810	
Fringe Benefits (24% of Salaries)		<u>1,875</u>	
Subtotal Personnel			\$9,685
Materials and Supplies		1,515	
Mental Health Consultant Counseling Services		<u>2,400</u>	
			3,915

Contractual Services

American-Arab Anti-Discrimination Committee	9,400	
Islamic Society of San Francisco	9,400	
Alliance of South Asians Taking Action	7,200	
Intergroup Clearinghouse	9,400	
Public Education Campaign	<u>26,000</u>	
Subtotal Contractual Services		<u>61,400</u>
Total Grant Budget		\$75,000

Attachment I, provided by the District Attorney's Office, contains budget details for the subject \$75,000 grant, including details on contractual services for the program.

Comments:

1. Although the subject grant period began on September 12, 2001, Mr. Silard reports that the proposed resolution is coming before the Board of Supervisors only now, nearly nine months after the subject grant was to begin, because of the lengthy planning process for the program. According to Mr. Silard, the District Attorney's Office plans to expend the entire grant amount prior to the end of the grant period, which expires on July 2, 2002.

2. As shown in the above budget, the subject grant would fund a total of 240 hours for existing District Attorney staff. According to Mr. Silard, the subject grant funds would offset General Fund costs for an 8178 Senior Attorney, Civil and Criminal, 8129 Victim/Witness Investigator I and 8132 Investigative Assistant. Mr. Silard advises that staff have not begun to work on the subject grant program. As shown in Attachment III, provided by the District Attorney's Office, the District Attorney's Office anticipates expending the entire grant amount prior to the end of the grant period, which expires on July 2, 2002.

3. The District Attorney's Office would expend \$2,400 for mental health counseling to victims of hate crimes as a result of the September 11 terrorist attacks. Mr. Silard advises that a consultant has not been selected and the District Attorney's Office would select a consultant to provide Mental Health Consultant Counseling Services on a sole source basis because of the short time requirements left in the grant period. According to Mr. Silard, the District Attorney's Office does not know the specific number of hate crime victims since the September 11 terrorist attacks. However, the goal of this program is to increase the reporting of hate crime incidents.

4. According to Mr. Silard, \$35,400 of the total amount of \$61,400 for contractual services consisting of (a) a \$9,400 contract with the nonprofit organization, the American-Arab Anti-Discrimination Committee, for distributing culturally appropriate curriculum and training materials

and teaching tolerance by holding tolerance and cultural sensitivity educational forums, training and workshops, (b) a \$9,400 contract with the nonprofit organization, the Islamic Society of San Francisco, for production and design of educational literature, (c) a \$7,200 contract with the nonprofit organization, the Alliance of South Asians Taking Action, for the development of community education campaigns, cultural outreach materials, media work and website development and (d) a \$9,400 contract with the nonprofit organization, the Intergroup Clearinghouse, for victim assistance and referrals and hate violence prevention and response. According to Mr. Silard, such services would be contracted on a sole source basis because these are the primary San Francisco organizations which promote issues facing the Arab and Muslim communities.

5. According to Mr. Silard, \$26,000 of the total amount of \$61,400 for contractual services would be used for a Public Education Campaign to promote the reporting of incidents of hate crimes. According to Mr. Silard, a contractor has not been selected and the District Attorney's Office would select a contractor to provide the Public Education Campaign on a sole source basis because of the short time requirements left in the grant period.

6. Attachment II is the Grant Information Form, provided by the District Attorney's Office, which includes the Disability Access Checklist.

7. As shown in Attachment III, Mr. Silard states that none of the grant funds have been expended. This includes the Mental Health Consultant Counseling Services and Public Education Campaign contracts which have not yet been awarded. Although the Budget Analyst questions whether the District Attorney's Office can effectively spend the proposed \$2,400 of subject grant funds on Mental Health Consultant Counseling Services and \$26,000 of subject grant funds on the Public Education Campaign in the remaining grant period, which expires on July 2, 2002, Mr. Silard states in Attachment III, "the District Attorney's Office plans to

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

expend the entire amount of \$75,000 prior to the end of the grant period."

8. As stated in Attachment III, provided by Mr. Silard, the District Attorney's Office has not, to date, accepted or expended the subject grant monies. Therefore, the proposed resolution does not provide for retroactivity.

Recommendation: Approve the proposed resolution.

SB551 Proposed Budget Detail

	Total by expense category	American-Arab Anti- Discrimination Committee (ADC)	Islamic Society of San Francisco	Alliance of South Asians Taking Action (ASATA)	Intergroup Clearinghouse	District Attorney's Office/Victim Witness Services	Public Education Campaign
Facility rental							
Salaries & benefits	22335				9150	9685	3500
Crisis response	2600			2600			
Consultant services	17800	5200	6200			2400	4000
Travel	600	200	200			200	
Office Supplies	1750	400	200	1000		150	
Printing	25600	2200	1500	3500	150	250	18000
Training Materials	1000	400	500	100			
Equipment Rental	150					150	
Software Rental							
Telephone	965	200	200		100	265	200
Postage	2050	800	600			350	300
Vehicle Rental							
Answering Service							
Consumables	150	1				150	
Total	75000	9400	9400	7200	9400	13600	26000

File Number: _____
(Provided by Clerk of Board of Supervisors)

Grant Information Form
(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: **SB551 – Victim Compensation Program**
2. Department: **District Attorney's Office**
3. Contact Person: **Teresa Y. Serata** Telephone: **553-1895**
4. Grant Approval Status (check one):
☒ [x] Approved by funding agency ☐ [] Not yet approved
5. Amount of Grant Funding Approved or Applied for: **\$ 75,000**
- 6a. Matching Funds Required: **N/A**
- b. Source(s) of matching funds (if applicable):
- 7a. Grant Source Agency: **State of California Victim Compensation**
- b. Grant Pass-Through Agency (if applicable): **and Government Claims Board**
8. Proposed Grant Project Summary:

Under this award, the District Attorney's Office will be able to seek reimbursement from the State of California for specified activities providing group mental health counseling and community outreach and education to promote tolerance in the wake of backlash to the September 11, 2001 terrorist attacks. The District Attorney's Office has developed a plan in collaboration with Intergroup Clearinghouse, American-Arab Anti-Discrimination Committee, Islamic Society of San Francisco, and Alliance of South Asians Taking Action. Materials and curricula on hate violence, hate crimes, "know your rights", resources for victims and witnesses, and other related issues, will be created and distributed through mosques and other houses of worship, schools, grassroots organizations, small businesses, community centers and other groups. Materials will be produced in English, Arabic, Farsi, Punjabi, and Hindi. Trainings, presentations and panels will be conducted in a variety of settings to educate and sensitize people at risk for victimization and the public as a whole. A public education campaign to encourage the reporting of incidents of hate will be conducted through posters, resource cards and other media.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: **September 12, 2001** End-Date: **July 2, 2002**

10. Number of new positions created and funded: **None**

11. If new positions are created, explain the disposition of employees once the grant ends?

- 12a. Amount budgeted for contractual services: \$61,400
- b. Will contractual services be put out to bid? No
- c. If so, will contract services help to further the goals of the department's MBE/WBE requirements?
- d. Is this likely to be a one-time or ongoing request for contracting out?
- 13a. Does the budget include indirect costs? ☐ Yes ☒ No
- b1. If yes, how much? \$
- b2. How was the amount calculated?
- c. If no, why are indirect costs not included?
- ☐ Not allowed by granting agency ☒ To maximize use of grant funds on direct services
- ☐ Other (please explain):
14. Any other significant grant requirements or comments:

****Disability Access Checklist****

15. This Grant is intended for activities at (check all that apply):

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability Reviewer: _____
(Name)

Date Reviewed: 5/9/02

Department Approval: _____

Teresa Y. Serata
(Name)

Chief Financial Officer
(Title)

(Signature)



TERENCE HALLINAN
DISTRICT ATTORNEY
CITY AND COUNTY OF SAN FRANCISCO

May 22, 2002

Harvey Rose
Budget Analyst
1390 Market Street, Suite 1025
San Francisco, CA 94102

Via facsimile 252-0461

Dear Mr. Rose:

Regarding SB551, file No. 02-0791, to date, no funds have been accepted or expended; additionally the District Attorney's Office plans to expend the entire amount of \$75,000 prior to the end of the grant period.

Sincerely,

Tim Silard

cc: Teresa Serata

Item 3 - File 02-0634

Note: This proposed resolution is for a lease which has been resubmitted for Board of Supervisors approval by Department of Parking and Traffic (DPT). On January 14, 2002, the Board of Supervisors previously failed to approve this lease under File 01-1939. The DPT has subsequently proposed changes to the lease in order to address the prior concerns of the Board of Supervisors.

Department: Department of Parking and Traffic (DPT)

Item: Resolution approving a proposed new Japan Center Garage Public Parking Lease by and between the City and County of San Francisco and the City of San Francisco Japan Center Garage Corporation (JCGC). The proposed resolution would authorize the Department of Parking and Traffic (DPT) to enter into a new 15-year lease with JCGC, the existing lessee, with one 15-year option, retroactive to May 1, 2002, without using a competitive bid process. JCGC is a nonprofit corporation which manages the Japan Center Garage facilities located at 1660 Geary Boulevard. According to Section 17.11 of the Administrative Code, the Parking and Traffic Commission can lease a parking facility, without a competitive process, to a nonprofit corporation for the purpose of facilitating the financing of a parking facility, as authorized and approved by the Board of Supervisors.

Location: 1610 Geary Boulevard between Fillmore and Laguna

Purpose of Lease: Management of Japan Center Parking Garage Facilities

Lessor: City and County of San Francisco

Lessee: City of San Francisco Japan Center Garage Corporation (JCGC), a nonprofit corporation

No. of Sq. Ft.: The Japan Center Parking Garage facilities (Garage) contains 352,100 square feet and accommodates 920 vehicles.

**Annual Rent and Net
Parking Revenues
Payable By JCGC to
the City's Off-Street
Parking Fund:**

\$1.00 in total over the fifteen-year term of the lease; plus, 75 percent of annual net revenues, consisting of estimated gross revenues of \$3,000,000 less Parking Taxes of \$586,684¹, less operating expenses of an estimated \$1,500,000², resulting in estimated net revenues to the City of \$684,987 (\$3,000,000 less \$586,684 less \$1,500,000, or \$913,316, multiplied by 75 percent equals \$684,987) annually based on existing parking rates.

**Utilities and
Janitorial Services
Payable by Lessee
from Parking
Revenues:**

All costs for utilities and janitorial services would be approved annually by the Controller and the DPT as part of their approval of all operating costs under the existing and proposed lease and are the responsibility of the Lessee.

Term of Lease:

The lease term is fifteen years, commencing on May 1, 2002 or upon approval of the Board of Supervisors and expiring on May 1, 2017. The City can terminate the lease without cause at any time, upon 90 days notice.

Right of Renewal:

One option to extend the lease for an additional fifteen years.

Description:

The Garage is comprised of two parking structures that accommodate a total of 920 vehicles. According to Mr. Ron Szeto of DPT, the Garage is owned by the City and currently leased by the City to the JCGC.

¹ Parking Taxes are 25 percent of Parking Fees and are included in posted rates, so when calculating Parking Taxes from Parking Fee Revenues they equal 20 percent of Parking Fee Revenues. Gross Revenues for the JCGC include Parking Fee Revenues, which are subject to Parking Taxes and Miscellaneous Revenues, which are not subject to Parking Taxes, so the total Parking Taxes to be collected calculate to slightly less than 20 percent of Gross Revenues.

² Operating Expenses for JCGC include a \$100,000 annual contribution to the Japantown Community Task Force for five years (FY 2002-2003 through FY 2006-2007) as discussed in Description below and in Attachment II, provided by DPT.

In 1999, the Board of Supervisors approved: (a) the dissolution of the City of San Francisco Western Addition Parking Corporation (WAPC), a non-profit corporation, which was the prior Garage lessee; (b) the transfer of the remaining assets and liabilities of WAPC to JCGC, a non-profit corporation; (c) a five year lease commencing on December 1, 1999 and expiring on November 30, 2004, with the JCGC as lessee for the Japan Center Garage; and (d) acceptance of a gift to the City of \$550,000 from WAPC for the renovation of the Peace Plaza at the Japanese Cultural Trade Center. According to Mr. Szeto, the use of a non-profit corporation facilitates lease revenue financing at minimal risk to the City.

Under the current lease with JCGC, which has been in effect since December 1, 1999, the Japan Center Garage Corporation, the existing lessee, allocates 85 percent of the Garage's net revenues, to the City's Off-Street Parking Fund. Under the proposed new lease, 75 percent, instead of 85 percent of net revenues, would be allocated to the Off-Street Parking Fund. According to Mr. Szeto, this percentage reduction would result in reduced parking revenues of an estimated \$104,372 annually to be allocated to the Off-Street Parking Fund. Mr. Steven Lee of DPT states that the net revenue for fiscal year 2001-2002 for the City is estimated to be \$789,359 at the existing 85 percent rate while under the proposed lease, the anticipated net revenue of allocating 75 percent of the Garage's net income to the Off-Street Parking Fund will be approximately \$684,987 annually, or \$104,732 less, as shown in Attachment I provided by the DPT.

Under the existing lease, 15 percent of net revenues are transferred to a capital account for the Garage. Under the proposed lease, the Japan Center Parking Corporation will transfer 25 percent of net revenues to this capital account to be used for Garage capital improvements. This increased percentage allocation for capital improvements would be derived from the corresponding reduced allocation to the Off-Street Parking Fund. According to Mr. Szeto, the increased contribution to the capital account, from 15 percent of net revenues to 25 percent of net revenues, has been proposed because under the current lease, the Japan Center Garage has been

BOARD OF SUPERVISORS
BUDGET ANALYST

insufficiently funded for capital projects. Mr. Szeto further reports that at the time of the dissolution of WAPC and formation of JCGC, WAPC transferred \$589,335 to JCGC for the capital account. In Attachment II, provided by DPT, Mr. Lee provides further details on Japan Center Garage capital expenditures. Under the existing lease, the capital fund account can have an accumulated balance of up to a maximum of \$1 million. Under the proposed lease, the capital fund account can have an accumulated balance of up to a maximum of \$2 million. If the capital fund at any time exceeds the current maximum of \$1 million or the proposed maximum of \$2 million, such excess funds must be transferred to the City's Off-Street Parking Fund. The balance of the capital fund account is currently \$267,219, according to Mr. Lee.

Mr. Szeto reports that under the current and proposed lease terms, JCGC must obtain Parking and Traffic Commission authorization before expending any funds from the capital account. Under the terms of the proposed lease, the Controller and the Parking and Traffic Commission will continue to have review and approval authority for the annual budget of the Garage, including expenditures from the capital account.

According to Mr. Szeto, the Japan Center Garage Corporation would continue to contract for operation of the Garage with a parking operator to be selected under a Bid/Request for Proposals (RFP) process in accordance with the lease agreement. Presently, the garage operator is Ampco System Parking. JCGC must employ a professional parking operator with a staff experienced in the management and operation of public parking facilities. The selection of the parking operator is subject to approval by both the Parking and Traffic Commission and the Board of Supervisors in accordance with Section 17.11 of the Administrative Code. The current parking operator agreement with Ampco System Parking, which was not previously approved by the Board of Supervisors, is now on a month-to-month basis. Mr. Lee reports that the JCGC will conduct a competitive bid/RFP process for a new parking operator agreement which will be subject to Board of Supervisors approval, pending a competitive process for a new parking operator agreement.

BOARD OF SUPERVISORS
BUDGET ANALYST

Mr. Lee further reports that under the terms of the lease, JCGC would provide the Japantown Task Force, a non-profit corporation, with up to \$100,000 annually for five years, from May 1, 2002 through April 30, 2007, from garage parking revenues to be expended for marketing for Japantown and also to create a long-term conceptual plan for community businesses. The lease which was previously submitted to the Board of Supervisors included an annual allocation of \$50,000 for the Japantown Task Force. Mr. Lee reports that the proposed new lease would increase the allocation to the Japantown Task Force by \$50,000 from \$50,000 annually to \$100,000 annually because, he states, the increased amount would be more appropriate to assist the Japantown Task Force to market the Japantown community and create a long-term conceptual plan for furthering community, business and interest. The proposed lease would require the Japantown Task Force to enter into a Memorandum of Understanding with the City requiring the Japantown Task Force to abide by the Sunshine Ordinance. Under the proposed lease, the Japantown Task Force must submit an annual plan and budget for the \$100,000 annual contribution, which will be included in the JCGC operating expenses budget and therefore subject to approval of the Parking and Traffic Commission and the Controller. Attachment III, provided by DPT, further describes the \$100,000 annual contribution to the Japantown Task Force.

Comments:

1. Mr. Szeto reports that, previously, the Board of Supervisors requested that the DPT monitor and evaluate the JCGC during the current lease period and make recommendations to terminate or extend the lease with this corporation. Mr. Szeto further reports that DPT has found JCGC to be successful in its management of the Garage. According to Mr. Szeto, for this reason the DPT has now proposed a new lease of 15 years with JCGC even though the existing lease with JCGC does not expire until November 30, 2004.

2. As stated above, the proposed lease term is fifteen years, retroactive from May 1, 2002 to April 30, 2017, with one option to extend the lease for an

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

additional fifteen years. As previously noted, since the DPT already has an existing lease with the Japan Center Garage Corporation, there is no need to begin the proposed lease on May 1, which would require retroactivity.

Recommendations:

1. Amend the proposed resolution to provide that the lease would commence on June 1, 2002, instead of May 1, 2002, as discussed in Comment No. 2 above.
2. Approval of the proposed resolution, as amended, is a policy decision for the Board of Supervisors.

JAPAN CENTER GARAGES

Fiscal Year July 1 through June 30	2001	2002	2003
	Actual	Actual / Anticipated	Projected
Gross Revenue	\$ 2,619,446	\$ 2,778,809	\$ 3,000,000
Parking Taxes	510,760	543,226	586,684
Operating Expenses	1,184,110	1,306,925	***1,500,000
Net Revenue	924,576	928,658	913,316
Corporation's Capital Fund	*138,686	*139,299	**228,329
Capital Funds Expended	370,852	368,500	63,860
City's Net Percentage Income	785,890	789,359	684,987

Japan Center Garage Corporation "JCGC" established December 1, 1999

* Corporation's Percentage @ 15% of Net Revenues

** Corporation's Percentage @ 25% of Net Revenues

*** Operating Expense includes \$100,000 to Japantown Task Force

H:\Items\Japangarage.xls\Sheet1

JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING JUNE 30

SOURCE OF FUNDS	2000	2001	2002	**2003	**2004	2005	2006	2007	2008	2009	2010	TOTAL
Projected Annual Surplus	814,213	924,576	928,656	913,316	930,715	948,637	967,096	986,109	1,015,632	1,046,163	1,077,518	10,552,723
City Disbursement @ 75%	692,081	785,890	789,356	684,987	698,037	711,478	725,322	739,582	761,769	784,622	808,161	8,181,287
Corporation Disbursement @ 25%	122,132	138,686	139,299	228,329	232,679	237,159	241,774	246,527	253,863	261,541	269,357	2,371,436
Beginning Surplus + Year End Surplus	599,157	480,465	248,299	19,098	183,567	78,192	29,571	18,106	74,513	125,448	386,989	2,243,407
CORPORATION'S TOTAL FUND YEAR END	721,289	619,151	387,596	247,427	416,246	315,351	271,345	264,633	328,436	386,989	656,376	4,614,843
APPLICATION OF FUNDS												
Equipment/Circulation Improvement												
Lower Level Annex Improvement	94,750	92,500				53,575	56,275	57,863				94,750
Upper Level Main Garage retool	250,000		125,000		66,090							253,903
Emergency Generator	125,000											125,000
Electrical Engineering Fee	25,000		25,000									25,000
Cashier Queue Area Expansion	123,785	12,785	61,000	51,500								225,285
2 Automatic Pay Stations	100,000		100,000									200,000
Parking Equipment Replace/Upgrades	319,726	149,726			159,135		56,275					365,136
Japanese Landscaping and Design	25,304	25,304										25,304
Poll Street Exit Modification	54,933	54,719										94,933
Floor Cleaning Machines	106,972	56,972										117,643
Garage Painting	175,000				92,829	95,614					50,671	188,443
Signage	57,991	7,991	50,000									57,991
Graphs	50,000				54,638							54,638
Exhaust Fan Renovation	250,000						140,689		149,266			289,945
Fire Door Replacement	12,000											12,000
Electric Vehicle Charging Station	45,000		12,360									57,360
Repayment of City Debt and Interest	158,551								53,772			53,772
Contingency	8,164	664	7,500									156,551
Others												8,164
Lighting Retrofit	75,000				81,955							81,955
Carbon Monoxide Detectors	64,000							74,193				74,193
Floor Cleaning Machine	40,000											50,671
Parking Equipment Replace/Upgrades	50,000											57,984
TOTAL CAPITAL EXPENSES	2,281,176	240,824	370,852	63,860	338,054	285,780	253,239	190,120	202,888		101,342	2,415,559
CAPITAL FUND YEAR END SURPLUS	480,465	248,299	19,098	183,567	78,192	29,571	18,106	74,513	125,448	386,989	555,034	2,199,264

*Proposed Commencement of Japan Center Garage Corporation Lease with 25% of Net Revenues Beginning 2003.

** Revenues are projected with a 3% increase per year from 2003 with a revenue reduction of \$10,000 for years 2004, 2005, 2006 and 2007 due to waterproofing work.

Bold figures represent improvements scheduled sooner due to availability of funds.

Please note that the 85%/15% split is used through year 2002

Prepared by: Steven Lee, DPT & Richard Hashimoto, JCCG

November 30, 2001

Revised May 8, 2002

JAPAN CENTER GARAGES
ELEVEN YEAR SOURCE AND APPLICATION OF FUNDS
YEAR ENDING JUNE 30

SOURCE OF FUNDS	2000	2001	2002	**2003	**2004	**2005	2006	2007	2008	2009	2010	TOTAL
Projected Annual Surplus	814,213	924,576	928,658	913,316	940,715	898,937	998,005	1,027,945	1,058,784	1,090,547	1,123,263	10,716,980
City Disbursement @ 85%	692,081	785,690	789,359	776,319	799,608	761,096	848,304	873,753	899,966	926,965	954,774	9,111,116
Corporation Disbursement @ 15%	122,132	138,666	139,299	136,997	141,107	134,841	149,701	154,192	158,818	163,582	168,490	1,607,844
Beginning Surplus + Year End Surplus	599,157	480,465	248,299	19,098	92,235	153,774	154,232	24,436	(24,245)	(14,685)	(4,837)	1,589,120
CORPORATION'S TOTAL FUND YEAR END	721,289	619,151	397,598	156,095	233,342	288,615	165,124	178,628	134,572	148,697	163,653	3,196,963
APPLICATION OF FUNDS	Current project est. + expenditures to date											
Equipment/Circulation Improvement	94,750	2,250	92,500									94,750
Lower Level/Annex Improvement	250,000											273,192
Upper Level Main Garage recol	125,000		125,000			273,192						125,000
Emergency Generator	25,000		25,000									25,000
Electrical Engineering Fee	123,785		61,000	51,500								125,285
Cashier Queue Area Expansion	100,000		100,000									100,000
2 Automatic Pay Stations	349,726	149,726			79,568		84,413				63,338	377,045
Parking Equipment Replace/Upgrades	25,304	25,304										25,304
Japanese Landscape and Design	94,933	40,214										94,933
Post Street Exit Modification	106,972	66,972									50,671	117,643
Floor Cleaning Machines	175,000							202,873				202,873
Garage Painting	57,991	7,991	50,000				56,275					57,991
Signage	50,000											56,275
Graphics	250,000								149,257	153,734		302,991
Exhaust Fan Renovation	12,000											12,360
Fire Door Replacement	45,000			12,360								57,005
Electric Vehicle Charging Station (3)	158,551	158,551										158,551
Repayment of City Debt and Interest	664	7,500										8,164
Contingency	8,164											8,164
Others												
Others												
TOTAL CAPITAL EXPENSES	2,052,176	210,824	370,852	63,860	79,568	273,192	140,688	202,873	149,257	153,734	171,014	2,214,362
CAPITAL FUND YEAR END SURPLUS		480,465	248,299	19,098	92,235	153,774	24,436	(24,245)	(14,685)	(4,837)	(7,361)	982,601

*Proposed Commencement of Japan Center Garage Corporation Lease
 ** Revenues are projected with a 3% increase per year from 2003 with a reduction of \$70,000 for 2005 due to loss in revenue from waterproof recast construction.

Prepared by: Steven Lee, OPT & Richard Hashimoto, JCGC
 November 30, 2001
 Revised May 8, 2002



WILLIE LEWIS BROWN, JR., Mayor
FREO M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: May 9, 2002

TO: Sarah Graham
Budget Analyst's Office

FROM: Steven Lee *sl*
Principal Analyst
Parking Authority

RE: Japan Center Garage Corporation Lease

The purpose of the memorandum is to provide you with additional information in regard to the currently proposed Japan Center Garage Corporation "JCGC" Lease.

The original proposed Lease was rejected in December due to concerns that the Board of Supervisors had regarding the \$50,000 per year, for the next five years, allocation to the Japantown Task Force for community outreach/participation and marketing in terms of the process in which the Japantown Task Force would receive the funds and the specific use of these funds. The Board of Supervisors also wanted the Japantown Task Force to abide by the regulations of the Sunshine Ordinance. Additionally, the Board of Supervisors had concerns that there were persons serving as members on both the JCGC Board of Directors and the Japantown Task Force and constituted a conflict of interest.

In response to these concerns, the Department of Parking and Traffic has revised the proposed Lease to require that the JCGC and the Japantown Task Force enter into a MOU to receive funding. The MOU requires that the Japantown Task Force submit an annual plan, in detail, the purpose of the funds for the upcoming year to the Parking and Traffic Commission or its succeeding entity and the Controller's Office for approval. All funds shall be disbursed on a cost reimbursement basis. The MOU also requires that the Japantown Task Force abide by the regulations of the City's Sunshine Ordinance.

Sarah Graham
May 9, 2002
Page 2 of 2

The Lease was also revised to increase the \$50,000 per year to \$100,000 per year. After further review, the increased amount would be more appropriate to assist the Japantown Task Force to market the Japantown community, and create a long-term conceptual plan for furthering community business and interest. The funds must also be used for community outreach, signage, urban landscape improvements and sidewalk maintenance.

In regard to the concerns of the potential conflict of interest, the Department of Parking and Traffic has received three resignations from members of the JCGC Board of Directors who also serve as members of the Japantown Task Force.

Please call me at 554-9869 if you require additional information.

Cc: Ronald Szeto - Acting Director, PA

Item 4 - File 02-0842

Department: Recreation and Park Department

Item: Ordinance waiving the competitive bid requirements for the Recreation and Park Commission's award of a contract not to exceed \$2.5 million over a five year period for renovation of playgrounds, restoration of natural areas and implementation of erosion control measures in San Francisco parks, and exempting the contract from prevailing wage requirements.

Description: The proposed ordinance would waive the City's competitive bidding requirements to authorize the Recreation and Park Department (RPD) to award a contract, without the use of competitive bidding procedures, in an amount not to exceed \$2.5 million, to the San Francisco Conservation Corps (SFCC), a nonprofit organization, for 1) renovation of park playgrounds, 2) restoration of designated Significant Natural Resource Areas, and 3) implementation of erosion control measures in the parks throughout the City. The proposed ordinance would also exempt the subject RPD contract with SFCC from prevailing wage requirements, pursuant to Section A 7.204 of the City's Charter.

Attachment I, provided by Mr. Marvin Yee of the RPD, contains a) program descriptions for the work to be done under the contract, b) various RPD facilities where the work is to be done, c) the allocation of funds by work category for the \$2.5 million contract, d) hourly rates for services to be provided, and e) funding sources for the contract.

According to Mr. Yee, Significant Natural Resource Areas are defined as RPD properties that meet specific criteria including properties which contain natural biotic or geomorphic remnants of the indigenous landscape, contain rare types of species or habitat, and are vulnerable to degradation from an imminent ecological crisis. Mr. Yee reports that there are approximately 26 such designated areas in the City, all of which may benefit from the proposed restoration work under the contract. According to Mr. Yee, at least eight playgrounds would be renovated under the contract, to comply with

safety standards and wheelchair accessibility requirements. Mr. Yee also states that erosion control methods, at a minimum of five park locations, would be implemented under the contract to prevent park deterioration and to protect park built facilities and landscapes.

The proposed ordinance would also exempt the subject RPD contract with SFCC from prevailing wage requirements.

The SFCC is eligible to be exempt from prevailing wage requirements in its contract with the RPD because SFCC meets the conditions for exemption set forth in Section A 7.204(b) of the City Charter. Section A 7.204(b) provides that the Board of Supervisors may exempt from the prevailing wage requirement any contract where the work is to be performed by a nonprofit organization that provides job training and work experience for disadvantaged individuals in need of such training and experience, and the nonprofit organization either (1) has a board of directors appointed by the Mayor or (2) exists primarily to design and build urban gardens, yards, and play areas. SFCC is a nonprofit organization that provides job training and work experience for disadvantaged individuals. According to Mr. Yee, the SFCC has a 16-member board of directors appointed by the Mayor and exists primarily to design and build urban gardens, yards, and play areas.

Comments:

1. According to Mr. Yee, the proposed ordinance incorrectly states that the term of the contract would be four and one-half years. The correct contract term would be five years.

2. The subject contract had a May 1, 2001 beginning date and a termination date of April 30, 2006. According to Mr. Yee, the DPR is requesting approval of this proposed ordinance at this time, over one year after the contract starting date, because of extended labor union discussions. Mr. Yee reports that to date, no funds have been expended nor have any services been rendered by the SFCC in relation to the contract. According to Ms. Mary King-Gorwky of RPD, the term of this five-year

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contract is now expected to begin on June 15, 2002 and terminate on June 14, 2007.

3. Attachment II is a memorandum provided by Mr. Yee, which states the reasons as to why the RPD is requesting to award a \$2.5 million contract without utilizing the City's competitive bidding procedures.

4. According to Mr. Yee, the source of funds for the \$2,500,000 contract over its five-year term will include approximately \$1,000,000 in anticipated CDBG grant funds, \$125,000 in anticipated other grant funds, and \$1,375,000 in anticipated Open Space Program funds and General Fund monies. According to Mr. Yee, of the \$1,375,000 in Open Space and General Fund monies, \$200,000 has been included in the RPD FY 2002-2003 budget, and the remaining \$1,175,000 will be requested by the RPD in future RPD budgets.

Recommendations:

1. In accordance with Comment No. 1, amend the proposed ordinance to reflect the correct contract term of five years, not four and one-half years, as is presently contained in the ordinance.

2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

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Attachment A

Project: Renovation of children's play areas

Sites may include, but not limited to:

24th St./York Mini Park
Buchanan St. Mall (Between Turk and Golden Gate Sts.)
Crocker Amazon Playground (Geneva/Moscow Sts.)
Hayes Valley Playground (Hayes/Buchanan Sts.)
Keiloch-Velasco Playground
Kimball Playground (Ellis/Pierce Sts.)
Little Hollywood Park (Tocoloma/Lathrop Sts.)
Silver Terrace Playground (Waterville St.)

Scope of Work:

Provide materials and labor for, but not limited to:

Site demolition
Installation of play equipment
Installation of resilient surfacing, including rubber matting and playground sand
Concrete work
Decomposed granite paving
Disability access improvements
Landscaping

Scope of work shall not include carpentry, electrical, plumbing, or ironwork, unless approved by the SFRPD Assistant Superintendent of Parks, Structural Maintenance.

Personnel Rates:

Corpsmember Rate: \$24.50/hour
Supervisor Rate: \$24.50/hour

Estimated Budget: \$2,000,000 for the 5-year contract

Anticipated Sources of Funds:

\$1,000,000	Grants
\$1,000,000	Open Space Program and General Fund
\$2,000,000	TOTAL

Memo to Finance Committee
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Project: Restoration of natural areas

Examples of significant natural resource areas:

Bayview Hill	Hawk Hill
Brooks Property	Lake Merced
Buena Vista Park	Mount Davidson
Edgehill Open Space	Sharp Park
Golden Gate Park	Twin Peaks

Scope of Work:

The scope of work will consist of, but not limited to, the following:

Broom – Seedlings removed in spring by hand pulling; adult removed using weed wrenches or hand chain saws when individuals are too large for weed wrenches.

Fennel – Hand removal of adults and seedling with mattocks.

Cotoneaster – Cut shrubs with chain saw loppers.

Euclayptus – Saplings of 6" and less removed with chain saws.

Pampas grass – Hand removal with shovels and mattocks.

Plant and debris removal activities will be combined with other restoration activities such as seed collection, plant propagation, nursery maintenance and planting.

Personnel Rates:

SFCC Rate: \$23/hour

Estimated Budget: \$250,000 for the 5-year contract

Anticipated Sources of Funds:

\$125,000	Grants
\$125,000	Open Space Program
\$250,000	TOTAL

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Project: Erosion control

Sites, but not limited to:

Buena Vista Park
Golden Gate Park
McLaren Park

Pine Lake Park
Pioneer Park

Scope of Work:

Provide materials and labor for, but not limited to, proven and acceptable methods of erosion control, including trail improvements, minor grading, retaining walls up to 3' high, and biotechnical slope stabilization techniques (brush layering, branch packing, wattling, plastic or jute netting, and re-vegetation).

Scope of work shall not include canopy thinning, retaining walls greater than 3' high, or irrigation systems, unless approved by the SFRPD Assistant Superintendent of Parks (Structural Maintenance) or the SFRPD Urban Forester.

Personnel Rates:

Corpsmember Rate:	\$23.00/hour
Field Supervisor Rate:	\$23.00/hour

Estimated Budget: \$250,000 for the 5-year contract

Anticipated Sources of Funds: Open Space Program and General Fund

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Attachment B

The Recreation and Park Department (RPD) wishes to award the subject contract for an amount not to exceed \$2.5 million over a period of five years, without competitive bid, even though the expenditure involved in each contract exceeds \$50,000, because:

- (1) the development of disadvantaged individuals will best serve the public interest by having a significant positive impact on the economic health of the City, and
- (2) the SFCC has been awarded \$200,000 Community Development Block Grant (CDBG) amounts for 24th St./York Mini Park and Crocker Amazon Playground. The RPD wishes to supplement those grant amounts to completely fund these renovation projects.

Items 5 and 6 – Files 01-2027 and 02-0473

Note: At the May 15, 2002 Finance Committee Meeting, the Airport submitted an Amendment of the Whole for File 01-2027 and the Finance Committee continued both Files 01-2027 and 02-0473 to its May 29, 2002 meeting. This report is based on the Amendment of the Whole of File 01-2027.

Department: Airport Commission

Items: File 01-2027

Ordinance appropriating \$224,034,821 of Passenger Facility Charge (PFC2) revenue to fund the cost of the principal and interest on revenue bonds issued for certain eligible costs associated with the development of the new International Terminal Complex, and the development and implementation of the Airport precision runway monitoring system at the Airport Commission.

File 02-0473

Hearing to request the release of reserved Passenger Facility Charge (PFC1) revenues, San Francisco International Airport (Fiscal Year 2001-2002 Budget), in the amount of \$54,387,447, as partial reimbursements for funds already expended on all contracts related to the development of data to be used in the preparation of the required Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) documents for the Airport's proposed new runway project.

Amounts:	<u>File 01-2027</u>	\$224,034,821
	<u>File 02-0473</u>	\$54,387,447

Source of Funds: Passenger Facility Charge revenues (PFC).

Description: On July 27, 2001 the Federal Aviation Administration (FAA) approved a request by the Airport Commission to impose and use a \$4.50 Passenger Facility Charge (PFC1) up to \$113,358,139 for eligible costs associated with potential runway reconfiguration studies at San Francisco International Airport. On March 29, 2002 the FAA approved a second request by the Airport Commission to continue to impose and use a \$4.50 Passenger Facility Charge (PFC2) up to an additional \$224,034,821 for

eligible costs associated with the development of the new International Terminal Complex. Attachment I, provided by the Airport contains detailed descriptions of budgeted eligible costs to be reimbursed by PFC1 and PFC2 revenues that were approved by the FAA.

According to Mr. Leo Fermin of the Airport, PFC1 collections began on October 1, 2001 and will continue through June 1, 2003. Mr. Fermin reports that PFC2 collections will begin June 2, 2003 and continue through April 1, 2008. At that time it is projected that the maximum FAA authorized Passenger Facility Charge revenue will be collected. According to Mr. Fermin, (a) all PFC revenue collected for the entire FAA-approved time period, from October 1, 2001 to April 1, 2008, may be used to reimburse the Airport for FAA-approved eligible expenditures made during or after 1996 and (b) revenue collected for eligible costs approved under PFC1 may be applied to eligible costs approved under PFC2 and vice versa.

File 01-2027

Approval of the proposed ordinance would appropriate \$224,034,821 in PFC2 revenues to pay debt service on 15 Airport Revenue Bonds issued between April of 1994 and December of 2000 with a total par amount of \$2.85 billion. Such revenue bonds were issued to finance the new International Terminal, Boarding Areas A and G, Airtrain, the North and South Parking Garages, the North Field Cargo Facility, Firehouse 1, 2 and 3, the Airtrain Maintenance Station, and the Airtrain Stations. Attachment II, provided by the Airport, is a schedule of annual debt service payments in Fiscal Year 2002-2003 for the 15 individual revenue bond issuances that comprise the \$2.85 billion in total revenue bonds used to finance projects eligible for payment under PFC2. Mr. Fermin reports that although a portion of the revenue bonds were issued prior to 1996, the first year for which expenditures are eligible to be reimbursed by PFC revenues, the expenditures from bond funds to be repaid with PFC2 revenues were incurred during or after 1996. Mr. Fermin further reports that all work for the new International Terminal Complex was completed in 2001.

According to Mr. Fermin, the Board of Supervisors approved the projects eligible to be reimbursed by PFC2 revenues in the Airport's 1992 Master Plan. As noted above, the PFC2 revenues would be used to partially pay debt service on eligible projects for the years FY 2001-2002 through FY 2007-2008.

File 02-0473

Mr. Fermin reports that PFC1 will fund eligible costs associated with potential runway reconfiguration studies at San Francisco International Airport, including feasibility studies, "no-build" solutions to delays and capacity issues, the environmental impact process, planning and preliminary engineering as it relates to the preparation of the environmental documents, and associated financing costs (i.e., costs associated with funding runway reconfiguration activity through the issuance of Commercial Paper). The estimated amount of net PFC1 revenue is \$113,358,139, of which \$60 million was appropriated and reserved by the Board of Supervisors in the FY 2001-2002 budget. The \$60 million of PFC1 revenues included in the Airport's FY 2001-2002 budget was appropriated and placed on reserve by the Board of Supervisors pending identification of specific projects and submission to the Finance Committee of detailed budgets for each project, including identification of contractors, estimated hours, and hourly rates.

The Airport is now requesting release of \$54,387,447 of the \$60,000,000 in PFC1 revenue placed on reserve to reimburse the Airport's Commercial Paper Fund for previous expenditures for contracts and personnel related to the development of data to be used in the preparation of the Environmental Impact Report (EIR) and the Environmental Impact Statement (EIS) documents, as required for the Runway Reconfiguration plan. Mr. Fermin reports that the subject reserve of \$54,387,447 is for (a) expenditures made on invoices for nine outside contracts for the EIR and EIS documents for the Runway Reconfiguration plan, and (b) salary expenditures for work on the Runway Reconfiguration plan performed by Airport personnel and Airport consultants. Mr. Fermin

reports that the FAA permits the Airport to be reimbursed for Airport personnel salaries and consultant charges for work on the Runway Reconfiguration plan from PFC1 revenue. Attachment III, provided by the Airport, includes the information requested by the Budget Analyst to have the funds released from reserve, including the identification of specific projects and submission to the Finance Committee of detailed budgets for each project, the identification of contractors, estimated hours, and hourly rates, and the amounts already expended on the nine contracts, the total contract amounts, and the amounts already expended for Airport personnel salaries and Airport consultant charges.

According to Ms. Debra Ward of the Airport, the \$54,387,447 in runway project expenditures from Commercial Paper proceeds were incurred between April of 1999 and March of 2002. Of this total, \$12,394,375 was expended during the current FY 2001-2002 from Commercial Paper proceeds for purposes the Airport intended to fund from PFC1 revenues which were appropriated but were reserved by the Board of Supervisors in the Airport's FY 2001-2002 budget. Such expenditures were incurred prior to obtaining approval from the Board of Supervisors for the release of such reserved funds.

Budget:

01-2027

Attachment I, page 13, contains a budget for PFC2 eligible costs totaling \$224,467,913, currently financed by the \$2.85 billion in Airport Revenue Bonds. All of the projects funded by the \$2.85 billion in Airport Revenue Bonds are complete. As previously noted, the subject \$224,034,821 in PFC revenue would partially pay debt service on such Airport Revenue Bonds. Attachment IV, provided by the Airport, explains that the amount of PFC2 revenue included in the attached budget. Attachment I, page 13 (\$224,467,913), differs from the amount requested to be appropriated in the proposed ordinance (\$224,034,821) by \$433,052 because the first figure reflects the amount the Airport projected it would collect as of August of 2001 based on the explained passenger forecasts at that time. As stated by Mr. Fermin

in Attachment IV, "The figure of \$224,034,821 in the proposed ordinance matches the figure in the Federal Register and is the final amount approved by the FAA."

02-0473

A summary of (a) the nine Airport contracts and (b) the Airport staffing expenditures, included in the total requested amount of \$54,387,447, is as follows:

	<u>Amount</u>
URS Planning Feasibility Study	\$1,856,799
HNTB Airspace Planning	5,856,857
HMMH Noise Analysis	212,848
URS Environmental	11,149,353
Environmental Science Associates	771,806
California Academy of Sciences	145,047
Jones and Stokes Mitigation Planning	2,959,210
Airfield Development Engineering Consultants (ADEC)	26,837,396
Blue Ribbon Panel Concepts	1,250,000
Airport Planning Staff and Consultants	533,347
Airport Environmental Staff and Consultants	901,170
Airport Marine Structures Staff and Consultants	818,368
Airport Pavement and Utilities Staff and Consultants	<u>1,095,246</u>
Total	\$54,387,447

Attachment III, provided by the Airport, contains budget details for the requested release of reserved funds, including contractor hours and hourly rates for each contract amount, a description of contractor selection processes, and budget details for in-house Airport personnel expenditures and Airport consultants.

Comments:

1. Mr. Fermin reports that from October 1, 2001 through the end of February 2002, the Airport has actually collected \$19,758,979 in PFC1 revenue.
2. Mr. Fermin reports that the Airport did not receive prior approval of the Board of Supervisors for the contracts with URS Environmental and Airfield

BOARD OF SUPERVISORS
BUDGET ANALYST

Development Engineering Consultants (ADEC). As noted in the Budget section of this report each of these contracts is over ten million dollars. As shown in Attachment V, Ms. Mara Rosales, General Counsel for the Airport, states that the reason the Airport did not receive Board of Supervisors approval for such architectural and engineering services contracts for the development of data for the EIR and EIS documents for the Runway Reconfiguration project is that the "former General Counsel...had advised the Airport that he believed that construction-related professional services contracts fell within the exception for construction contracts contained in the Charter and thus were not subject to Board of Supervisors review." Ms. Rosales further states that the "Airport had followed this advice for many years including throughout the recent Master Plan Expansion Program though the City Attorney's Office does not have a written opinion on this matter." Mr. Dave Greenburg of the City Attorney's Office advises that the City Attorney is in the process of preparing a written opinion on this matter, however Mr. Greenburg states that as of the writing of this report the City Attorney has not issued the written opinion.

3. The Budget Analyst notes that Charter Section 9.118 (b) states that:

Unless otherwise provided for in this Charter, and with the exception of construction contracts entered into by the City and County, any other contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than \$500,000 shall be subject to approval of the Board of Supervisors by resolution.

This Charter Section does not state that architectural and engineering services contracts are construction contracts.

4. Mr. Fermin had previously reported to the Budget Analyst, as reported in the Budget Analyst's report to the Finance Committee for the May 15, 2002 Finance

BOARD OF SUPERVISORS
BUDGET ANALYST

Committee meeting, that all of the nine contractors listed in the Budget section of this report were selected through a Request for Proposals process and were awarded contracts in accordance with City and Airport Policies and Procedures for selecting contractors. As detailed in Attachment III and as shown in the table below, the Airport is now reporting that seven of the nine contractors were selected through a Request for Proposals (RFP) process and two of the nine contractors were selected on a sole source basis. Attachment III includes an explanation for why the HMMH Noise Analysis (page 4 of Attachment III) and California Academy of Sciences (page 8 of Attachment III) contracts were selected on a sole source basis.

<u>Contractor</u>	<u>Method of Selection</u>
URS Planning Feasibility Study	RFP
HNTB Airspace Planning	RFP
HMMH Noise Analysis	Sole Source
URS Environmental	RFP
Environmental Science Associates	RFP
California Academy of Sciences	Sole Source
Jones and Stokes Mitigation Planning	RFP
Airfield Development Engineering Consultants (ADEC)	RFP
Blue Ribbon Panel Concepts	RFP

5. Mr. Fermin clarifies that PFC2 revenue will not pay debt service for the precision runway monitoring system because this project was not approved by the FAA as part of the Airport's PFC2 application to the FAA. Therefore the Budget Analyst recommends amending File 01-2027 to delete the words "and the development and implementation of the precision runway monitoring system" from the title of the proposed ordinance (Page 1, Lines 4 through 6).

6. The Budget Analyst has questioned the rationale for the appropriation request of \$224,034,821 in PFC2 revenues at this time (File 01-2027) when such revenues will be expended for future debt service payments from FY 2001-2002 through FY 2007-2008. According to Mr. John Martin, Director of the Airport, the Airport has a

Memo to Finance Committee

May 29, 2002 Finance Committee Meeting

critical need for appropriation and authorization of \$18,800,000 for the payment of debt service during FY 2001-2002, as is authorized under FAA approval of PFC2. Such debt service payments would be made from PFC1 revenues collected during FY 2001-2002 as is permitted by the FAA and as noted above. Therefore the Budget Analyst recommends that the proposed supplemental appropriation be amended to reduce this request by \$205,234,821 from \$224,034,821 to \$18,800,000. The Budget Analyst further recommends that future PFC2 revenues be specifically appropriated in the Airport's budget on an annual basis.

Recommendations:

File 01-2027

1. Amend the proposed ordinance to delete the words "and the development and implementation of the precision runway monitoring system" from the title of the proposed ordinance (Page 1, Lines 4 through 6) as discussed in Comment No. 5, above.

2. Reduce the requested supplemental appropriation by \$205,234,821 from the requested amount of \$224,034,821 to \$18,800,000 for the payment of debt service during FY 2001-2002.

3. The Budget Analyst further recommends that future PFC2 revenues be specifically appropriated in the Airport's budget on an annual basis.

4. Approve the proposed ordinance, as amended.

File 02-0473

Release of the reserved funds is a policy matter for the Board of Supervisors because, as noted above, \$12,394,375 of the requested amount of \$54,387,447, was expended during the current FY 2001-2002 from Commercial Paper proceeds for purposes the Airport intended to fund from PFC1 revenues which were appropriated but were reserved by the Board of Supervisors in the Airport's FY 2001-2002 budget. Such expenditures were incurred prior to obtaining approval from the Board of Supervisors for the release of such reserved funds.

BOARD OF SUPERVISORS

BUDGET ANALYST

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Finance and Labor Committee DATE: May 20, 2002

FROM: Leo Fermin

RE: PFC Eligible Projects and Costs (Project Listing and Budget)

As requested, this memorandum addresses the projects that are eligible to be reimbursed with PFC revenues and the budgets submitted under both PFC applications. First, the Airport believes that it is important to explain that the designations of PFC #1 and PFC #2 are conventions that were implemented for administrative purposes. These designations do not have any bearing on the Federal Aviation Administration's determination of which fees are used for any of the eligible projects. Once the FAA has issued a Record of Decision (ROD) it makes no distinction between the various applications submitted by an airport.

The FAA simply determines that based on the ROD, or RODs, issued that an airport has the authority to collect the specified PFC (ranging between \$2.00 and \$4.50 per domestic ticket). These fees can be collected for the specified period of time (from the inception of the collection date on the first application through the end date on the final application). As such, all PFC projects identified under the various applications are eligible for reimbursement once approved. The only distinction that is made by the FAA is that the airport commences reimbursement on one of the initially identified projects within two years of the authorization to collect PFCs.

PFCs run consecutively and not concurrently due to the limitations on collection. These limitations are based on projected passenger forecasts. It would not be beneficial to overlap collection periods if it would be impossible to collect the authorized amount of PFC revenue.

Description of Eligible Projects and Costs Identified in PFC Application #1

The following are description of all of the projects listed and approved in PFC Application #1. These are the same descriptions and costs that were included in the memorandum of May7, 2002.

4.a. PROJECT DESCRIPTION:

The proposed PFC Project would fund the PFC-eligible portions of the runway reconfiguration called “project development,” including feasibility studies, planning studies, geotechnical studies, environmental studies, mitigation studies, benefit-cost analysis, cost and schedule control, no-build solutions to delays and capacity issues, and the development of off shore runway construction concepts for environmental studies.

A. ENGINEERING STUDIES

1. Preliminary geotechnical investigation, circulation studies, preliminary hazardous materials investigation, and preliminary foundation analyses and bathymetry, including the Blue Ribbon Panel convened to advise on technical issues. (\$8,138,191)
2. Engineering support for review of the off shore construction concepts, evaluation of potential borrow sites, evaluation of potential mitigation and disposal sites, the sediment chemistry and bioassay characterization of the future airfield area, and other engineering support required for the EIR/EIS efforts. This contract also includes funding for the technical support required to make presentations to Resource Agencies, community organizations, other jurisdictions and other consultants associated with the Project. The technical support provided includes, but is not limited to, attendance at meetings, providing written explanations of the engineering, science and geotechnical work that has been provided for the Project, and review of documents. (\$9,300,789)
3. Completion of geotechnical investigation and analyses; a wrap-up of sedimentation/bioassay work necessary for completion of the Dredged Materials Management Office report (high level staff from the Corps of Engineers, Regional Water Quality Control Board, Environmental Protection Agency, and Bay Conservation Development Commission); review of design/construction schedule; investigation of availability of labor, equipment, and materials; investigation of contracting strategy; physical modeling in the Bay Model; analyses of Columbia River borrow material; technical support required to make presentations to Resource Agencies, community organizations, other jurisdictions and other consultants associated with the Project.; in-Bay disposal study; value engineering and instrumentation of the existing airfield. (22,296,951)
4. Preliminary engineering in support of environmental studies and permitting. The Draft EIS must analyze, at an equal level of detail, the environmental impacts of a range of alternatives that meet the project’s purpose and need. Therefore, preliminary engineering plans will be prepared for four alternative project layouts, two construction methods and combinations thereof, three alternative borrow sites, two alternative dredge disposal sites, two alternative fabrication sites, and up to 38,000 acres of alternative mitigation sites. These alternatives are expected to bracket the impacts of the project that is ultimately selected. The work would include developing descriptions of structures and earth fill operations (e.g., amount and location for rock and sand placement, steel or concrete pile sizes, pile locations, pile depths, thickness

of deck slabs, equipment to place deck slabs, draft of vessels to be used for construction and depth of access channels for various construction vessels). The work will need to meet the Airport's seismic safety standards, need to be coordinated with the pavement and utilities engineering studies as well as the geotechnical studies, and also entail coordinating the marine structures and earth fill work with the work of airport engineers and other consultants, including NAVAIDS engineering, preliminary high voltage electrical engineering, and air traffic control tower preliminary engineering. (29,064,966)

5. Offshore runway construction concepts – engagement of 5 firms to develop offshore construction concepts for the runway platforms. The reports focus on construction schedule and estimate. design life, minimization of adverse environmental effects, life cycle costs, and feasibility of construction concept. (\$1,453,248)

B. Environmental Studies and Permits

1. EIR/EIS Phase I – Preparation of Phase I of the Environmental Impact Report and Environmental Impact Statement, including preparing the purpose and need statement, selecting alternatives for analysis, establishing environmental baselines, conducting technical studies of noise, hydrodynamics, transportation, air quality, floodplains and biological resources. (\$11,800,000)
2. EIR/EIS Phase II – Preparation and circulation of the Draft Environmental Impact Report and Environmental Impact Statement and all associated technical studies in support of the 404(b)(1) analysis. These include hydrology, water quality, biological resources, air quality, noise, land use compatibility, and socio-economics. (\$3,600,730)
3. EIR/EIS – Phase III -- Preparation of responses to comments on the Draft Environmental Impact Report and Environmental Impact Statement and circulation of the Final Environmental Impact Report and Environmental Impact Statement. (\$5,489,173)

1 through 3 total (\$20,889,903)

4. Services to assist Airport staff with the review of technical documents. (\$1,162,872)
5. Services to review existing environmental conditions, documentation, marine ecology assistance, historical resources report, EIR/EIS contract coordination, environmental documentation review, and conducting additional environmental and public access alternatives technical studies. (\$1,000,000)
6. Services for technical studies and reports supportive of 404(b)(1) alternatives analysis. These emphasize hydrology, water quality, marine biological resources, relating to alternative sites, platform construction methods, and ancillary facilities. (\$1,000,000)

7. Services for permit applications, visual aids for agency presentations, and sensitivity analyses in response to questions and comments from permitting agencies and the public. (\$325,745)

5 through 7 total (\$2,325,745)

8. Computerized database of Bay species -- cataloging invertebrate and ichthyology specimens collected from the San Francisco Bay. (\$178,290)
9. Habitat mitigation site planning and assessment -- identification of potential mitigation sites, field survey and study of the existing habitat, and preparation of a Mitigation Plan for submittal to the Corps of Engineers and other regulatory and approval agencies. Right-of-way services (including preparation of a Relocation Impact Statement for businesses and farms that could be displaced as required for the Draft Environmental Impact Statement/Report). (\$4,150,000)
10. Recreational public access -- services related to public access opportunities and developing conceptual plans for purposes of permit application. The McAteer-Petris Act of 1970 requires that all projects within 100 feet of the Bay study the impact of the project on access to the Bay. It is required that the documents supporting such a study contain evidence that a thorough analysis of the impact the project on access to the Bay was conducted, and that this analysis be included as part of the EIR/EIS documents. It is also required that information on the steps that would be taken to ensure that maximum feasible public access to the Bay all along the coast line has been addressed as part of the Project. (\$670,132)

9 and 10 total (\$4,820,132)

C. PLANNING

1. Feasibility study -- conducting a comprehensive technical evaluation of runways at San Francisco International Airport. (\$2,215,632)
2. Airspace/taxiing planning study -- planning study that includes a detailed passenger forecast, airfield layout planning, detailed regional airspace analysis, capacity analysis, facility planning (siting and planning of control tower and emergency relief facility), and aircraft airspace obstruction analysis. Also included is the study of alternatives that would address no-build solutions to delays and future capacity issues. Such studies include the use of technology and flight procedures, scheduling of flights, and other demand management practices that would reduce delays without the need to reconfigure existing runways. (\$9,537,207)

D. PUBLIC INFORMATION AND COMMUNITY OUTREACH

No PFC funding requested.

E. PAVEMENT AND UTILITIES

1. This project covers funding for in-house staff necessary for the preliminary engineering for the new pavement and utilities for the new runway reconfigurations. The utilities will include power and communications system, industrial waste systems with pump stations, sanitary sewer systems with pump stations, drainage systems, water supply systems, natural gas lines and conduits for FAA utilities.

The preliminary engineering will provide detailed information concerning the locations, heights, materials, and characteristics of the systems necessary for the environmental studies that are being conducted. **(\$5,718,798)**

F. Legal Services in Support of Program Management

No PFC funding requested at this time.

G. Program Management

Eligible PFC costs included as indirect cost.

H. Other (Indirect/Administrative Costs)

Eligible PFC costs included as indirect cost.

I. Financing Costs

PFC Project costs to date have been financed through commercial paper (CP) secured by a pledge of the net revenues of the Airport and will continue to be funded with CP until PFC revenues are received. Once PFC revenues start being collected, they will be used to pay project costs on a pay-as-you-go basis and then to pay down outstanding CP. A projection of PFC eligible financing costs is shown on Attachment A-2.

Staff Costs

Allocable staff support costs for each of these functions is included in the line items. The organization chart appearing at the end of this Attachment B illustrates the management structure of the Airfield Development Bureau (ADB), which was established to oversee the runway reconfiguration effort. Also attached is an organization chart for the entire Airport illustrating ADB's placement in the overall Airport organizational structure.

The following is the detailed budget submitted with PFC Application #1. This is the same budget that was submitted in the memorandum of May 2, 2002.

Project Activity	Total Project Cost	PFC Eligible	PFC Revenue	AIP Entitlement (a)	AIP Discretionary	Commercial Paper	Total
Engineering Studies	\$71,154,441	\$70,254,144	\$60,254,144	\$10,000,000	\$ -	\$900,297	\$ 71,154,441
Preliminary Geotechnical Investigation		8,138,191	8,138,191				\$ 8,138,191
Engineering Support for Shore Construction		9,300,789	9,300,789				\$ 9,300,789
Complete Geotechnical Investigation and Analyses		22,296,951	22,296,951				\$ 22,296,951
Engineering Support for Environmental Studies/Permits		29,064,966	19,064,966	10,000,000			\$ 29,064,966
Offshore Runway Construction Concepts		1,453,248	1,453,248				\$ 1,453,248
PFC Projects						900,297	\$ 900,297
Environmental Studies and Permits thru B-3 EIR/EIS Phases I - Preparation of Documents	\$ 47,072,942	\$ 29,376,942	\$ 28,376,942	\$ 1,000,000	\$ -	\$ 17,696,000	\$ 47,072,942
Services for Review of Technical Documents		20,889,903	20,889,903				\$ 20,889,903
thru B-7 services to review environmental conditions, 404 natives and permits		1,162,872	1,162,872				\$ 1,162,872
Computerized Database of Species		2,325,745	2,325,745				\$ 2,325,745
thru B-10 Habitat and Seasonal Public Access		178,290	178,290				\$ 178,290
PFC Projects		4,820,132	3,820,132	1,000,000			\$ 4,820,132
						17,469,560	\$ 17,469,560
Feasibility Study	\$ 12,750,839	\$ 11,752,839	\$ 11,752,839	\$ -	\$ -	\$ 998,000	\$ 12,750,839
Airspace and Taxiing		2,215,632	2,215,632				\$ 2,215,632
Feasibility Study		9,537,207	9,537,207				\$ 9,537,207
PFC Projects						998,000	\$ 998,000
Public Information/Community Outreach	\$ 6,080,980	\$ -	\$ -	\$ -	\$ -	\$ 6,080,980	\$ 6,080,980
Permit and Utilities	\$ 5,718,798	\$ 5,718,798	\$ 5,718,798	\$ -	\$ -	\$ -	\$ 5,718,798
Project Activity	Total Project Cost	PFC Eligible	PFC Revenue	AIP Entitlement (a)	AIP Discretionary	Commercial Paper	Total
		5,718,798	5,718,798				\$ 5,718,798
Real Services for Program Management	\$ 13,183,441	(0)	(0)	-	-	\$ 13,183,441	\$ 13,183,441
Program Management	\$ 16,580,207	\$ -	\$ -	\$ -	\$ -	\$ 16,580,207	\$ 16,580,207
er	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$172,541,648	\$ 117,102,723	\$ 106,102,723	\$11,000,000	\$ -	\$ 55,438,925	\$172,541,648
Financing costs (b) Fees and other costs on commercial	\$ 10,690,285	\$7,255,416	\$ 7,255,416	\$ -	\$ -	\$ 3,434,869	\$ 10,690,285
PFC Project costs	\$183,231,932	\$ 124,358,139	\$ 113,358,139	\$11,000,000	\$ -	\$ 58,873,794	\$183,231,932
Assuming multiyear entitlement grant for preliminary engineering in support of environmental studies.							
Net of PFC interest earnings.							

Description of Eligible Projects and Costs Identified in PFC Application #2

The following are description of all of the projects listed and approved in PFC Application #2. These are the same descriptions and costs that were included in the memorandum of May7, 2002.

4.a. PROJECT DESCRIPTION:

The proposed PFC #2 Project would provide for the reimbursement of certain eligible project costs associated with the development of the new ITC. These costs were funded with Airport revenue bonds. Specific PFC-eligible projects in the ITC for this application include:

- Taxiway improvements and realignment and Boarding Areas "A" and "G" apron construction
- ITC common use systems, including common use terminal equipment (CUTE), baggage system security screening devices, passenger loading bridges and associated systems (ground power, aircraft docking, potable water), gatroom podiums, gatroom seating, baggage system, and associated financing costs.

The proposed PFC #2 Project will not fund a Precision Runway Monitoring System (PRM), an instrument landing system (ILS), and a simultaneous offset instrument approach procedure (SOIA) for SFO for enhanced utilization of the closely spaced parallel runways (Runway 28L and Runway 28R) during Instrument Flight Rules and Instrument Meteorological Conditions (IFR/IMC).

A. Taxiway Improvements & Realignment, and Boarding Areas "A" and "G" Apron Construction. Taxiways (\$22,785,853) Aprons (\$53,718,105)

Taxiway and apron improvements related to the ITC include taxiway modifications necessary to accommodate the new terminal, increased traffic, enhanced convenience, and new larger-bodied aircraft (please see the drawings at the end of this section). Project costs for this PFC application include:

- Construction of Boarding Area A aprons and taxi lanes
- Construction of Boarding Area G aprons and taxi lanes
- Construction of new vehicle service roads and a jet blast deflector
- Necessary relocation of utilities and new storm drain system
- Construction necessary for the horizontal clearance between taxiing aircraft and the vehicle service road along the Boarding Area F limit line
- Provision of the necessary clearance for aircraft taxiing and parking at the South Terminal, and for the vehicle service road surrounding the new Boarding Area A

Financing costs associated with the taxiways and aprons include such costs as interest expense, capitalized interest, and credit enhancement on Airport revenue bonds issued for these improvements

B. COMMON USE SYSTEMS

Common use systems in the new ITC are composed of the following: (1) Common Use Terminal Equipment (CUTE), (2) baggage system security screening devices, (3) passenger loading bridges and associated systems (preconditioned air, ground power, aircraft docking, potable water), (4) gateroom podiums, (5) gateroom seating, (6) baggage system, and (7) associated financing costs, as described in more detail below.

Common Use Terminal Equipment (CUTE) (\$8,317,849)

The CUTE systems in the ITC are facilities that allow for all 24 airlines in the ITC to use one system instead of individual systems for passenger processing to make more efficient use of space and equipment, including ticket check-in and baggage transfer facilities. They also include:

Visual Information Displays (\$4,984,649)

- Flight Information Displays (FIDS)
- Baggage Information Displays (BIDS)
- Airline, FIS, and gateroom information
- Dynamic display systems

The visual information display system (VIDS) graphically displays flight information held in the airport operational database and automatically maintains flight information. Several types of display monitors are used to transmit information, including: 500 Flight Information Display (FIDS) monitors, 13 Baggage Information Display (BIDS) monitors, and other dynamic display systems such as 436 Light Emitted Displays (LEDs), 24 Liquid Crystal Displays (LCDs), and 12 plasma screens. VIDS also incorporates a visual paging system using 43 monitors.

Gate Management System (\$1,759,017)

The gate management system allows Airport staff to monitor the use of all airport gates, ticket counters, and baggage conveyors in the new ITC and to work aggressively with airlines to ensure there are no barriers to new entrants. The system provides the Airport with greatly enhanced abilities to monitor facility usage in the ITC through computer-generated reports from the Airport operations database. This technology provides real time capability for Airport staff to monitor ITC gate utilization rates, aircraft turn times, and any other related information. This provides the Airport with the capability to closely monitor gate-scheduling practices and to ensure maximum gate utilization rates within the ITC.

Master Clock System (\$275,324)

The Master Clock System is a chrono-log digital time display system. The time-of-day is displayed in a 12-hour format. The system is capable of a 24-hour format display. The system of time is distributed in hours, minutes, and seconds through low-voltage cabling to 111 master clock remote displays that are located hundreds of feet from the master clock and each other. If, for any reason, the remote display loses its data signal, the remote display will sense the loss and automatically keep time on its own, and warn of its independence from the master clock.

Other project components include:

Construction related to the installation of bomb detection devices and baggage handling security screening to conform to FAR 108 and a baggage reconciliation system, both of which are integrated with the baggage system (described below).

Baggage System Security Screening Devices (\$4,794,000)

All bags placed into the baggage handling systems are processed through the baggage security system. The baggage security system consists of four stages as described below and illustrated on the drawing at the end of this section.

Stage 1: Five Perkin Elmer Z-Scan x-ray units are located on each concourse and fed from three main lines on each side. These machines have the capability to automatically screen baggage for threat objects and, if no objects are found, send the bag to the baggage sortation scanners and the makeup units. Currently, approximately 40% of baggage is automatically cleared.

Stage 2: Baggage that cannot be automatically cleared at stage 1 is presented to security screener operators who are centrally located in an office on level one of the north shoulder building. Screeners examine each x-ray image and either clear the bag to the sortation system or allow the bag to continue to stage 3. Currently, 4% to 9% of baggage is sent to Stage 3 for further analysis.

Stage 3: Two Invision CTX 9000 three-dimensional x-ray certified explosion detection systems are located on each concourse. Images of baggage sent to these devices are presented to the security screener operators in the screening room for clearance or further inspection. Less than 1% of baggage is sent to Stage 4 for manual inspection.

Stage 4: Baggage that cannot be cleared in Stage 3 is routed by conveyor to the baggage inspection room on the associated concourse. These bags are first inspected by explosive trace detection systems and further manually inspected in the presence of the passenger.

Radio Frequency Identification (RFID): Selected baggage is routed positively to Stage 3 by encoding a radio frequency tag during the baggage acceptance process and sandwiching this tag between the two halves of the baggage routing tag. Radio frequency scanners in the baggage conveyor system sense the RFID tag and ensure positive routing of the bag to one of the CTX certified explosion detection systems.

Oversize Baggage: A Perkin Elmer Z-Scan x-ray is positioned at each of the two oversize baggage acceptance counters on level three of the check-in counter lobby.

Contingency: One Invision CTX 5000 is positioned at level one of each shoulder building to be used as a contingency in the event that one or more of the inline CTX

9000s is unavailable. These machines are also used to screen baggage that arrives at the flight makeup units without satisfactorily passing the baggage screening system.

The other components include:

- Communications Infrastructure SSR Buildout (\$22,566,077)
- International Terminal Control Plant (\$1,603,074)

Loading Bridges (\$14,780,008)

The passenger loading bridges provide a convenient, weather-protected walkway between the airport terminal building and commercial aircraft for enplaning and deplaning airline passengers. Each loading bridge maneuvers on the parking ramp within its area of operation. They can be raised, lowered, extended, or retracted to accommodate various aircraft. They can also be raised or lowered simultaneously with the extension, retraction, and movement on the ramp. Two of the loading bridges are specially designed to accommodate the New Large Aircraft.

Associated systems connected to the passenger loading bridges include:

3. a. Preconditioned Air Boarding Area A (\$1,362,951) Air Boarding Area G (\$1,472,391)

The preconditioned air system consists of two primary chillers piped in series operations and 24 passenger loading bridge mounted air-handling units. It also includes a large ice tank with encapsulated ice balls. The purpose of the chiller system is to work in conjunction with passenger loading bridge air handling units to provide automated cabin heating and cooling during ramp servicing while aircraft are being cleaned and serviced for their next flight. The system is designed around the need for narrow-body, wide-body, and jumbo aircraft heating and cooling.

3. b. Ground Power Boarding Area A (\$1,150,569) Boarding Area G (\$1,401,434)

The 400-hertz ground electrical power system supplies electrical power to an aircraft when it is parked during servicing, enplaning, or deplaning operations. It is a solid-state system that converts 60-hertz house current to 400-hertz electrical power. The ground power system is normally active when the aircraft engine driven generators, auxiliary power unit, or portable ground power unit are not supplying electrical power to aircraft systems.

3. c. Aircraft Docking Boarding Area A (\$195,840) Boarding Area G (\$195,840)

The aircraft docking system (ADS) is a fail-safe device used to control ramp positioning during aircraft parking operations. The ramp agent is able to control aircraft parking while observing all other critical ramp operations. The ADS allows the ramp agent to alert the pilot immediately of an emergency that requires the aircraft to come to a complete stop, or slow-down for precautions. There are a total of 24 ADS units.

3. d. Potable Water (\$1,060,800)

A potable water system is mounted beneath each passenger loading bridge. When an aircraft is parked for passenger loading/off-loading ramp agents or other service personnel unwind a water hose from a reel system and attach it to the aircraft's water fill coupler. Upon completion of water servicing the hose is removed from the aircraft and wound back into the water hose cabinet via the motorized unit. There are a total of 24 potable water systems, one for each passenger gate.

1. Gateroom Podiums (\$714,000)

Gateroom podiums support airline boarding processes by providing a platform for ticket and boarding pass acceptance and housing common use equipment. They consist of 24 gateroom houses, 132 individual CUTE workstations, 88 automated boarding pass printers, 22 bag tag printers, 22 dot-matrix printers, 23 FIDS, and 22 LED monitors.

2. Gateroom Seating (\$3,672,000)

Currently, there are 12 gaterooms on Boarding Area G and 9 gaterooms on Boarding Area A. Each gateroom has seating for 310 people, which is designed to support approximately 65% of the passenger volume in each boarding area.

3. Baggage System (\$50,357,442)

The International Terminal Baggage Handling System (BHS) is divided into two separate base systems -- an Inbound Baggage System and an Outbound Baggage System. There are eight subsystems in addition to the two base systems: Transfer Recheck, Re-accommodation Counter Belt, North Terminal Connection, Boarding Area Cross-over, Inbound Claim Sub-system.

Inbound Baggage System - This system includes all input conveyors located on the Ground Level of the ITC, which feed a series of 12 baggage claim devices on the Arrivals Level. Two of the baggage claim devices are designated for domestic arrivals. Also included in the inbound portion are two oversize conveyor lines, which also terminate on the Arrivals Level.

Outbound Baggage System - This system includes the Federal Inspection Service (FIS) recheck conveyor system located on the Arrivals Level. This extends to a sort device on the Ground Level and terminates at the sort devices located in Boarding Areas "A" and "G". A Security Screening System is located on both the north and south sides of the International Terminal, where bags are inspected and then conveyed to the boarding areas or the reconciliation room on the Ground Level. Also included in the Outbound system are two oversize conveyors originating on the Departures Level, which bypass the Security Screening Process and terminate in the baggage makeup area, where bags are subsequently screened. In addition, a scale in the baggage check in counters at every ticket counter position is included.

Transfer Recheck Subsystem - This subsystem consists of a series of conveyors and 21 re-accommodation counter positions with a scale in each bag-well. These conveyors, which originate on the Arrivals Level of the International Terminal Building, descend to the Ground Level where they either merge into the base outbound system upstream of the Security Screening Area or join the North Terminal Connection.

Re-accommodation Counter Belt Subsystem - This subsystem provides scales for each of the re-accommodation counter positions.

North Terminal Connection Subsystem - This subsystem connects both the North Transfer recheck and the base Outbound Systems with the existing North Terminal Building via three conveyor lines. Two of these lines connect to the Outbound System of the North Terminal and one connects with the Outbound System of the International Terminal.

Boarding Area Cross-over Subsystem - This subsystem consists of a series of conveyors, which transfer bags from one boarding area to the other through the International Terminal. This subsystem is composed of four independent conveyor lines, one of which originate in one boarding area, transverse the International Terminal Ground Level, and merge into the outbound system of the other boarding area.

Inbound Claim Subsystem - This subsystem consists of feed conveyor subsystems, which carry inbound baggage from the ramp side load conveyors on Level 1 of the International Terminal Building to claim devices in the Arrivals Area, and to the Arrivals Area on Level 2 for passenger retrieval.

Power Monitoring for System (\$158,782)

Financing Costs (\$27,105,908)

Financing costs associated with the common use systems include such costs as interest expense, capitalized interest, and credit enhancement on Airport revenue bonds issued for these improvements.

In addition to the information project and cost information that has been resubmitted in this memorandum of May 16, 2002, the Budget Analyst is concerned that PFC Application #2 includes a notation referencing \$4,450,000 in Airport Improvement Program (AIP) Grant monies. This is a common practice when preparing PFC applications. In order to preserve funding options, the Airport identified one item that is currently eligible for AIP funding under the revised regulations implemented after September 11, 2001.

The application that is submitted to the Federal Aviation Administration (FAA) is a request to impose and use PFCs. There is no guarantee that the FAA will approve the request. Therefore, in submitting the request the Airport reserved funding options available on the Baggage System Security Screening Devices. The FAA approved the item as reimbursable with PFC revenues. As such, the Airport now has a choice regarding the reimbursement of this particular expenditure.

Schedule I
14 CFR 158, Section 158.16a, 158.16b, 158.16c, 158.16d, 158.16e, 158.16f, 158.16g, 158.16h, 158.16i, 158.16j, 158.16k, 158.16l, 158.16m, 158.16n, 158.16o, 158.16p, 158.16q, 158.16r, 158.16s, 158.16t, 158.16u, 158.16v, 158.16w, 158.16x, 158.16y, 158.16z, 158.16aa, 158.16ab, 158.16ac, 158.16ad, 158.16ae, 158.16af, 158.16ag, 158.16ah, 158.16ai, 158.16aj, 158.16ak, 158.16al, 158.16am, 158.16an, 158.16ao, 158.16ap, 158.16aq, 158.16ar, 158.16as, 158.16at, 158.16au, 158.16av, 158.16aw, 158.16ax, 158.16ay, 158.16az, 158.16ba, 158.16bb, 158.16bc, 158.16bd, 158.16be, 158.16bf, 158.16bg, 158.16bh, 158.16bi, 158.16bj, 158.16bk, 158.16bl, 158.16bm, 158.16bn, 158.16bo, 158.16bp, 158.16bq, 158.16br, 158.16bs, 158.16bt, 158.16bu, 158.16bv, 158.16bw, 158.16bx, 158.16by, 158.16bz, 158.16ca, 158.16cb, 158.16cc, 158.16cd, 158.16ce, 158.16cf, 158.16cg, 158.16ch, 158.16ci, 158.16cj, 158.16ck, 158.16cl, 158.16cm, 158.16cn, 158.16co, 158.16cp, 158.16cq, 158.16cr, 158.16cs, 158.16ct, 158.16cu, 158.16cv, 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158.16zz

Contract number/Product Element		Sources of Funding					Total
		PFC Revenue	AIP Grants	AIR 21	Bonds/Cp		
		Total project cost	PFC Eligible	Entitlement	Discretionary	Prog Program	
INTERNATIONAL TERMINAL COMPLEX PROJECTS							
Terminal 5011							
55100	Tashiro A & B Readjustment - Phase 1 Const	\$ 1,007,100					
55101	Tashiro A & B Readjustment - Phase 2 Const	2,782,100					
55102	Tashiro A & B Readjustment - Utility	4,016,000					
55103	Tashiro A & B Readjustment - West Phase	11,250,766					
55104	Tashiro A & B Readjustment - East Phase	3,727,781					
55105	Tashiro A & B Readjustment - Const	\$ 22,785,653	\$ 22,785,653	\$ -	\$ -	\$ -	\$ 22,785,653
Airport 5015							
55106	Blading Area A Airport Const	\$ 31,496,615					
55107	Blading Area A Airport Const	2,277,625					
55108	Blading Area A Airport Const	19,943,465					
55109	Blading Area A Airport Const	\$ 53,718,105	\$ 53,718,105	\$ -	\$ -	\$ -	\$ 53,718,105
Common Use Systems 5015							
55110	Communications Telephone Systems	\$ 6,317,649					
55111	Communications Telephone Systems	4,884,849					
55112	Communications Telephone Systems (CUFE)	22,566,077					
55113	Communications Infrastructure (SSR Building)	1,795,017					
55114	Gale Management System (GMS)	275,324					
55115	Master Clock System	4,794,000					
55116	Biological System Security Scouting Devices				4,450,000		
55117	Preconditioned Air	1,302,051					
55118	B/A "A"	1,472,391					
55119	B/A "G"	1,603,074					
55120	1st Control Point	1,150,569					
55121	Ground Power	1,401,434					
55122	B/A "A"	105,840					
55123	Aircraft Docking	195,840					
55124	B/A "A"	357,000					
55125	B/A "G"	357,000					
55126	Ground Power	7,204,660					
55127	B/A "A"	7,575,348					
55128	Ground Power	530,400					
55129	B/A "A"	530,400					
55130	Ground Power	1,632,000					
55131	B/A "A"	1,530,000					
55132	Ground Power	50,357,442					
55133	B/A "A"	156,162					
55134	Ground Power	27,785,653					
55135	B/A "A"	\$ 147,983,955	\$ 147,983,955	\$ -	\$ 4,450,000	\$ -	\$ 147,983,955
55136	B/A "G"	\$ 224,467,913	\$ 224,467,913	\$ 220,017,913	\$ -	\$ 4,450,000	\$ 224,467,913
55137	B/A "G"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55138	B/A "G"	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ 0
55139	B/A "G"	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ 0
55140	B/A "G"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55141	B/A "G"	\$ 224,467,913	\$ 224,467,913	\$ 220,017,913	\$ -	\$ 4,450,000	\$ 224,467,913
PRECISION RUNWAY MONITORING SYSTEMS 501A							
55142	Environmental assessment						
55143	Manufacture of PRMT						
55144	FAA personnel training						
55145	Training, certification, contingency						
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AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Finance and Labor Committee DATE: May 20, 2002
FROM: Leo Fermin *LF*
RE: Revenue Bonds for International Terminal

As requested, this memorandum addresses the revenue bonds used to finance the projects eligible to be repaid with PFC2 revenues. The Airport issued 15 bond issues between April 1994 and December of 2000 for a total par amount of bonds of \$2.85B.

The projects that were financed with each bond issue include, the New International Terminal, Boarding Areas A & G, Airtrain, North and South Parking garage, North Field Cargo Facility, Firehouse 1, 2, & 3, Airtrain Maintenance Station and the Airtain Domestic Stations.

The projects that are eligible to be repaid with PFC revenues, include special equipment in the International Terminal, Aprons and Taxiways.

The Airport intends to repay a portion of these revenue bonds with revenues from PFC2 for approved projects by the FAA. The benefits of the intended use allows the Airport to reduce Rates and Charges for the Airlines and to ultimately reduce the overall debt for the Airport by retiring bonds when they become callable.

The anticipated repayment dates are May 1st and November 1st of each year a deposit of debt service is made to the bond trustee BNY Western Trust Company.

Airport Commission
Master Plan Bonds
Debt Service
June 30, 2003

Issue No	Issue Date	Par Amount	Principal	Interest	Total
5	04/01/94	\$ 90,000,000	\$ 1,820,833	\$ 5,178,719	\$ 6,999,552
6	11/01/94	\$ 125,000,000	\$ 2,158,333	\$ 7,256,110	\$ 9,414,444
8	08/01/95	\$ 100,000,000	\$ 1,741,667	\$ 3,549,875	\$ 5,291,542
9	11/01/95	\$ 250,000,000	\$ 779,167	\$ 11,381,830	\$ 12,160,997
10	03/01/96	\$ 200,000,000	\$ -	\$ 11,037,725	\$ 11,037,725
12	10/01/96	\$ 275,000,000	\$ -	\$ 11,486,470	\$ 11,486,470
14	11/01/96	\$ 57,300,000	\$ -	\$ 3,342,386	\$ 3,342,386
15	06/01/98	\$ 500,000,000	\$ 8,711,667	\$ 23,575,789	\$ 32,287,455
16	04/01/98	\$ 215,000,000	\$ 3,678,333	\$ 10,642,446	\$ 14,320,779
18	07/01/98	\$ 225,000,000	\$ 3,850,000	\$ 11,294,454	\$ 15,144,454
21	10/01/98	\$ 82,015,000	\$ 2,029,167	\$ 3,750,504	\$ 5,779,671
22	12/01/98	\$ 125,000,000	\$ 2,220,000	\$ 6,175,105	\$ 8,395,105
23	05/01/99	\$ 250,000,000	\$ 706,666	\$ 12,629,279	\$ 13,335,945
25	03/01/00	\$ 117,500,000	\$ 1,731,667	\$ 6,551,960	\$ 8,283,627
26	12/01/00	\$ 238,185,000	\$ 3,510,000	\$ 12,066,948	\$ 15,576,948
Total		\$ 2,850,000,000	\$ 32,937,500	\$ 139,919,600	\$ 172,857,100

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

INTEROFFICE MEMORANDUM

TO: Finance and Labor Committee DATE: May 20, 2002
FROM: Leo Fermin
RE: PFC Eligible Projects and Costs (Contract Detail)

In the original request from the Budget Analyst, the Airport was asked to provide information on the scope, hours and hourly rates, and selection method for all of the contracts associated with the requested release of PFC monies. That information is being provided in this memorandum. At a meeting with the Budget Analyst's staff on Tuesday, May 14, 2001, the request was changed to include detailed information on the selection of each contractor including:

- how advertised
- method of selection (RFP, RFQ or sole source)
- a list of firms that responded to the RFP or RFQ
- if the contractor was selected on a sole source basis, please provide a detailed explanation as to why the contractor was selected in this manner
- the criteria for selection and points allocated to each selection criteria
- points given to each proposer (ranking of the competing firms)
- the bid or proposal amounts given by each proposer
- information on the selection panel including title and organization of panelists

Airport staff has worked to provide this information to the Budget Analyst for his review. We believe that the information contained in this memorandum complies with the newly requested data requested by the Budget Analyst.

Detailed Contract Information

I. Feasibility Study

Contractor: URS Greiner

Hours and Blended Hourly Rate: This is a lump sum contract. Invoices were paid based on agreed upon deliverables and a final comprehensive report on the findings.

Reimbursement Request: \$1,856,799

Total Contract Amount: \$1,906,000

PFC Eligible Amount: \$1,857,799

A. Method of Selection: RFP

B. Firms Responding

1. Landrum & Brown
2. Leigh Fisher Associates
3. Ricondo & Associates
4. HNTB
5. URS Greiner

C. Criteria for Selection and Points Possible

Criteria	Points
1. Overall suitability, attitude, distinguishable qualities, constitution, temperament, & compatibility to prepare the runway study.	25
2. Previous experience with airport runway reconfiguration planning & design.	15
3. Knowledge & experience with SFIA airport & noise issues programs.	15
4. Project Manager airfield planning experience.	10
5. Knowledge & experience with SIMMOD, GRADE & equivalent airspace programs.	10
6. Familiarity with SFIA, State and Federal regulatory requirements & procedures.	10
7. Proposed planning approach.	15
A. Total	100
Note: Statement of Qualification Maximum Points = 85	
Interview Maximum Points = 100	
Total Possible Points = 185	

D. Points Awarded to Each Short-Listed Firm:

1. Landrum & Brown	147	145	144	151
2. Leigh Fisher	155	144	142	139
3. Ricondo & Associates	142	144	123	150
4. HNTB	161	148	164	141
5. URS Greiner	156	149	150	159

Services to be Provided: This project covers conducting an extensive and comprehensive technical evaluation of runways at San Francisco International Airport. This includes an evaluation of potential configurations, flight and weather conditions, noise, air and water quality, regulatory conditions and all aspects of determining the feasibility of embarking on a runway study.

Date Work Completed: March 1999

II. Airspace/Taxiing Planning Study

Contractor: HNTB

Hours and Blended Hourly Rate: 32,960 hours \$177.70/hour

Reimbursement Request: \$5,856,857

Total Contract Amount: \$6,269,590

PFC Eligible Amount: \$5,960,000

A. Method of Selection: RFP

B. Firms Responding

1. HNTB
2. Ricondo and Associates
3. P&D Aviation
4. Leigh Fisher Associates

C. Criteria for Selection and Points Possible

Criteria	Points
1. Project Approach	30
2. Experience and qualification of assigned Project Staff	30
3. Management of firm and subconsultants	20
4. Demonstrated Understanding of SFO issues, policies and objectives	20
Total	100

D. Points Awarded to Each Short-Listed Firm:

1. HNTB: 87.25
2. Ricondo and Associates: 62.93
3. P&D Aviation: 68.81
4. Leigh Fisher Associates: 85.62

E. Selection Panel

Name	Title	Organization
1. Greg Casto	Aviation Liaison	AIRPROS
2. Peg Divine	Deputy Airport Director	ADB, SFO
3. Tom Parks	Airport Planning Engineer	Consultant
4. Melba Yee	Deputy City Attorney	SFO

Description of Services to be Provided: This project covers a planning study that includes a detailed passenger forecast, airfield layout planning, detailed regional airspace analysis, capacity analysis, construction sequencing, facility planning, and aircraft airspace obstruction analysis.

Date Work Completed: Ongoing

III. Low Frequency Noise Analysis

Contractor: HMMH

Hours and Blended Hourly Rate: Lump Sum Contract - - Invoices paid upon completion of specific tasks associated with noise analysis studies.

Reimbursement Request: \$212,848

Total Contract Amount: \$412,818

PFC Eligible Amount: \$412,818

A. Method of Selection: Sole Source - -This contractor was chosen for continuity. The noise analysis for the Feasibility Study was also performed by HMMH. As such any additional analysis for the project should be performed by HMMH for a consistency in methodology, base assumptions and mode of analysis.

B. Firms Responding: Not Applicable

C. Criteria for Selection and Points Possible: Not Applicable

D. Points Awarded to Each Short-Listed Firm: Not Applicable

E. Selection Panel: Not Applicable

F. Descriptions of Services to be Provided:

1. Formulate increase utilization of data collected through the Aircraft Noise Management System and Aircraft Noise Abatement Office; and
2. Develop effective reporting methods to improve communication between various agencies including the Airport/Community Roundtable and internal departments; and
3. Provide support for Aircraft Noise Abatement projects and staff, relating to enforcement of the Noise Abatement Resolution 88-0016, Aircraft Operations Bulletins, or established programs through the Airport/Community Roundtable; and
4. Any related services, as requested by the City.

Date Work Completed: Ongoing

IV. URS Environmental

Contractor: URS

Hours and Blended Hourly Rate: 56,084 hours - - \$198.80/hour

Reimbursement Request: \$11,149,353

Total Contract Amount: \$11,800,000

PFC Eligible Amount: \$15,300,000

A. Method of Selection: RFP

B. Firms Responding

1. Environmental Associates
2. Environmental Science Associates
3. EIP Associates
4. URS Greiner-Woodward Clyde

C. Criteria for Selection and Points Possible

Criteria	Points
1. Oral Presentation	50
2. Statement of Qualification	40
3. Other	10
Total	100

- D. Points Awarded to Each Short-Listed Firm: The selection for this contract was performed by the FAA and the City's Office of Environmental Review and the ranking scores are being maintained in the FAA's files.**

E. Selection Panel

Name	Title	Organization
1. Joseph Rodriguez	Planning & Programming Section Supervisor	Federal Aviation Administration
2. Paul Maltzer	Environmental Planner	CCSF/Office of Environmental Review
3. Lyn Calerdine	Environmental Section Manager	SFO/Airfield Development Bureau
4. Tom Gwyn	Communications Section Director	SFO/Airfield Development Bureau
5. Camille Garibaldi	Environmental Protection Specialist	Federal Aviation Administration

F. Description of Services to be Provided:

1. Phase 1- Project Planning and Initiation: Consists of work efforts required by the Consultant Team to prepare a work plan and conduct project mobilization, scoping and analysis of scoping comments; develop a preliminary statement of purpose and need and project objectives; identify preliminary project alternatives; develop a project description; conduct coordination with cooperating federal and other agencies; describe baseline environmental conditions; accomplish preliminary environmental analysis; and prepare the scope of services for Phase 2 of the study.
2. Phase 2 - Draft EIS/EIR: Consists of the efforts necessary to complete the technical studies, conduct agency coordination and public involvement and prepare a Draft EIS and Draft EIR for distribution and review; conduct a Public Hearing on the Draft EIS and Draft EIR; perform a preliminary review of comments received on the Draft EIS; and prepare the scope of services for Phase 3 of the study.
3. Phase 3 - Final EIS/EIR: Consists of efforts required to conduct a detail review of Draft EIS and Draft EIR comments, formulate comment responses, prepare the Final EIS and Final EIR, provide the FAA supporting information from the EIS for the preparation of the Record of Decision, and assist OER in the preparation of project findings.

Date Work Completed: Ongoing

V. EIR/EIS Management

Contractor: Environmental Science Associates (ESA)

Hours and Blended Hourly Rate: 7,194 Hours \$107.29/hour

Reimbursement Requested: \$771,806

Total Contract Amount: \$1,100,000

PFC Eligible Amount: \$2,000,000

A. Method of Selection: RFP

B. Firms Responding

1. Environmental Associates
2. Environmental Science Associates
3. EIP Associates
4. URS Greiner-Woodward Clyde

C. Criteria for Selection and Points Possible

Criteria	Points
1. Oral Presentation	50
2. Statement of Qualification	40
3. Others	10
Total	100

D. Points Awarded to Each Short-Listed Firm: The selection for this contract was performed by the FAA and the City's Office of Environmental Review and the ranking scores are being maintained in the FAA's files.

E. Selection Panel

Name	Title	Organization
1. Joseph Rodriguez	Planning & Programming Section Supervisor	Federal Aviation Administration
2. Paul Maltzer	Environmental Planner	CCSF/Office of Environmental Review
3. Lyn Calerdine	Environmental Section Manager	SFO/Airfield Development Bureau
4. Tom Gwyn	Communications Section Director	SFO/Airfield Development Bureau
5. Camille Garibaldi	Environmental Protection Specialist	Federal Aviation Administration

F. Description of Services to be Provided:

Review existing environmental conditions documentation; provide marine ecology assistance, prepare historical resources report; provide EIR/EIS strategic advice; perform environmental document review; assist in Corps of Engineers, Regional Board, BCDC, and State Lands permitting; and on-site staff assistance.

Date Work Completed: Ongoing

VI. Bay Species Database

Contractor: California Academy of Sciences

Hours and Blended Hourly Rate: Lump Sum Contract - - Invoices paid upon delivery of specific data and final report

Reimbursement Requested: \$145,047

Total Contract Amount: \$150,000

PFC Eligible Amount: \$150,000

A. Method of Selection: Sole Source - - The California Academy of Sciences was chosen on a sole source basis because it is the only organization with the Bay Species sample that needed to be catalogued (such as snails, worms, and bottom-dwelling species).

B. Firms Responding: Not applicable.

C. Criteria for Selection and Points Possible: Not applicable.

D. Points Awarded to Each Short-Listed Firm: Not applicable.

E. Selection Panel: Not applicable.

F. Description of Services to be Provided: This project covers cataloging approximately 27,000 invertebrate and 1,800 ichthyology specimens collected from the San Francisco Bay. The computerized catalog will increase access to current knowledge about the existing and historic San Francisco Bay Habitats.

Date Work Completed: Ongoing

VII. Mitigation Planning

Contractor: Jones & Stokes

Hours and Blended Hourly Rate: 26,336 Hours - - \$112.36

Reimbursement Requested: \$2,959,210

Total Contract Amount: \$4,150,000

PFC Eligible Amount: \$2,959,210

A. Method of Selection: RFP

B. Firms Responding

1. Jones and Stokes Associates, Inc.
2. Tetra Tech, Inc.
3. Philip Williams and Associates
4. Zentner and Zentner
5. Huffman and Associates
6. LSA Associates, Inc.
7. Ecorp Consulting, Inc.
8. The Ellington Group, Inc.

C. Criteria for Selection and Points Possible

Criteria	Points
1. Project Approach and Schedule	20
2. Assigned Project Key Staff Qualifications	25
3. Experience of firm and subconsultants	10
4. Project Management of subconsultants	10
5. Demonstrated understanding of SFO issues and objectives	10
6. Oral Interview	25
Total	100

D. Points Awarded to Each Short-Listed Firm:

1. Jones and Stokes Associates, Inc.: 83.8
2. Tetra Tech, Inc.: 75
3. Philip Williams and Associates: 64.5
4. Zentner and Zentner: 62
5. Huffman and Associates: 60.2
6. LSA Associates, Inc.: 55.8
7. Ecorp Consulting, Inc.: 51.8
8. The Ellington Group, Inc.: 36.3

E. Selection Panel

Name	Title	Organization
1. Francesca Demgen	Biologist	URS
2. Janice Hutton	Permitting Specialist	ADB, SFO
3. Nixon Lam	Planner	FOM, SFO
4. Veda Lewis	Permitting Specialist	CALTRANS
5. Greg Lyman	Mitigation Engineer	ADB, SFO
6. Ashley Muller	Sanitary Engineer	PUC, CCSF

F. Description of Services to be Provided:

Evaluate potential mitigation sites, provide strategic guidance, design mitigation and prepare permit application documentation. This project covers the identification of potential mitigation sites, field survey and study of the existing habitat, and preparation of a Mitigation Plan for submittal to the Corps of Engineers and other regulatory and approval agencies.

Date Work Completed: Ongoing

VIII. Preliminary Marine Engineering and Analysis

Contractor: Airfield Development Engineering Consultants (ADEC)

Hours and Blended Hourly Rate: 115,719 Hours - - \$231.92/Hour

Reimbursement Requested: \$26,837,396

Total Contract Amount: \$28,667,258

PFC Eligible Amount: \$32,000,000

Contract Selection Process

A. Method of Selection: RFP

B. Firms Responding

1. Fugro West
2. AGS and Subsurface / Consultants, Inc.
3. Geomatrix / OCC
4. Treadwell & Rollo / Golder Associates

C. Criteria for Selection and Points Possible

Criteria

Points

1. Firms capability, equipment and availability of resources	20
2. Experience and qualifications of key personnel to be assigned	30
3. Firm's planned approach.	30
4. References of personnel on previous/similar projects and cost effectiveness of such projects.	20
Total:	100

D. Points Awarded to Each Short-Listed Firm:

1. Fugro West: 90
2. AGS and Subsurface / Consultants, Inc.: 78
3. Geomatrix / OCC: 67
4. Treadwell & Rollo / Golder Associates: 73

E. Selection Panel

Name	Title	Organization
1. William Cooke	Civil/Structural Engineer	BDC, SFO
2. Peg Divine	Deputy Airport Director	ADB, SFO
3. Michael Allen	Senior Project Manager	BDC, SFO
4. Reed Buell	Project Manager, Bay Bridge	CALTRANS
5. Tom Gwyn	Communications Manager	ADB, SFO
6. Chung Tam	Pavement Utilities Manager	FOM, SFO

Description of Services to be Provided: Preliminary geotechnical investigation, marine circulation studies, preliminary hazardous materials investigation, preliminary foundation analyses and bathymetry. A Blue Ribbon Panel was convened to advise on various construction and technical issues. Engineering support for review of the offshore construction concepts, evaluation of potential borrow sites, evaluation of potential mitigation and disposal sites, the sediment chemistry and bioassay characterization of any proposed future airfield area, and other engineering support required for the EIR and EIS efforts. Also included is technical support for land acquisition, public relations, partnering facilitator, community support, and noise abatement affairs. Work necessary for detailed design. Work includes completion of geotechnical investigation and analyses, a wrap-up of sedimentation and bioassay work necessary for completion of the U.S. Army Corps of Engineers Dredged Material Management Office (DMMO) report, review of the design and construction schedule, investigation of availability of labor, equipment and materials, investigation of contracting strategy, continuation of physical modeling in the Bay Model, analyses of Columbia River borrow material, support for land acquisition, community support, noise abatement affairs and partnering facilitator, complete in-Bay disposal study for CAD, value engineering and instrumentation of existing airfield. During the detail design process, providing support services that includes review of design documents.

Date Work Completed: Ongoing

IX. Offshore Runway Concepts

Contractors:

Hours and Blended Hourly Rate: - - Lump Sum Contracts Each firm was paid \$250,000 to fully develop the appropriate concept and deliver a final report for review by the Blue Ribbon Panel.

Reimbursement Requested: \$1,250,000

Total Contract Amount: \$1,250,000

PFC Eligible Amount: \$1,250,000

A. Method of Selection: RFP

B. Firms Responding

1. T.Y. Lin International/Ben C. Gerwick, Inc./Han-Padron Associates
2. AGS, Inc.
3. Parsons Brinkerhoff
4. Peratrovich, Nottingham & Drage, Inc.
5. The Dutra Group
6. Reinforced Earth Co. with Treadwell Rollo & Menard
7. Ove Arup & Partners USA
8. Hatch, Mott, Mac Donald
9. Float Inc.
10. Architect's Office
11. Crang and Boake
12. Environmental Engineers
13. Martin E. Iorns, F.I.F.S.
14. Russian Industrial Center

C. Criteria for Selection and Points Possible

Criteria	Points
1. Concepts	60
2. Project Approach	25
3. Qualifications & Experience of Staff	10
4. Qualification & Experience of Firm & Subconsultants	5
Total	100

D. Points Awarded to Each Short-Listed Firm

The Blue Ribbon Panel performed an independent selection process at an off-Airport site and the ranking scores were not provided to the Airfield Development Bureau.

E. Selection Panel (Blue Ribbon Panel)

Name	Title	Organization
1. George C. Hoff	Retired Engineering Consultant	Mobile Technology Co.
2. Graham Plant	Chief Engineer	Hong Kong International Airport
3. Reinhard Branley	Principal & Chief Engineer	Consultant Airport Engineer
4. John Azeveda	Chief of Operations Branch	Corps of Engineers
5. Alfred Yee	President	Applied Technology Corp.
6. Frieder Seible	President	SEQAD, Inc.
7. Owen Miyamoto	Private Consultant	Hawaii State Dept. of Transportation, Hawaiian Airlines & Pacific Basin Development Council

F. Description of Services to be Provided:

1. Develop plans and details to describe the Runway Platform Concept based on Airport furnished criteria and configurations. Design efforts shall consider seismic impacts as well as NLA furnished aircraft loadings.
 2. Furnish a construction schedule indicating conflicts with existing controlled airspace operations.
 3. Develop an estimated construction cost base on prevailing labor rates and equipment costs.
 4. Develop estimated life cycle costs, including construction, operations, maintenance, inspections, and replacement costs.
 5. Produce designated information for Airport to evaluate minimization of environmental impacts, especially air quality, circulation and air water quality, and the time for runways to be back in service after an earthquake. Include the estimated time for inspection of structural systems.
- This project consists of developing a design concept involving a platform constructed of a possible combination of floating, pile-supported and fill constructed platforms.
 - This project consists of developing a design concept involving a pile-supported platform constructed with large diameter piles and large center to center pile spacing using over the top construction techniques.

- This project consists of developing a design concept involving constructing pile-supported platforms using widely spaced large diameter battered clustered steel piles and prefabricated deck components.
- This project consists of developing a design concept involving constructing pile-supported platforms using widely spaced large diameter battered clustered steel piles and prefabricated deck components.
- This project consists of developing a design concept involving platforms constructed of dredged fill utilizing installed wick drains to increase the consolidation, other soil improvement and surcharge options.

Date Work Completed: September 2000.

Staffing Detail for Reimbursement

Planning: The Planning Section is responsible for developing all traffic and passenger forecasts as well as assessing the need for airspace and taxiways. Additionally, the Planning Section coordinated the development of the Regional Airport Strategic Plan (RASP) and the Feasibility Study, which includes a Benefit Cost Analysis of the potential modernization of the runways at San Francisco International Airport.

CCSF Staff:

Classification	FTE	Period	Total Paid
5278 Planner II	1.0 FTE	June 2000-Dec 2001	\$106,577
Total	1.0 FTE		\$106,577

Consultant Staff

Lead Planner: Matthew Mead: Parsons Transportation

Title	FTE	Period	Total Paid
Lead Planner	1.0 FTE	April 1999-Dec 2001	\$426,770
Total	1.0 FTE		\$426,770

Total for Planning **\$533,347**

Environmental: The Environmental Section is responsible for developing all of the Environmental Impact Report to meet the CEQA requirements and the Environmental Impact Statement to meet the NEPA requirements. This Section includes the contracts that are responsible for developing all of the technical and scientific data that is included as part of these two documents. Additionally, the disciplines of permit processing and application, mitigation design and development, and overall management of the multiple agencies associated with this endeavor fall under the responsibilities of the Environmental Section.

CCSF Staff

Classification	FTE	Period	Total Paid
0933 Mgr. IX	1.0 FTE	March 1999-Dec 2001	\$354,291
5241 Civil Engr.	1.0 FTE	March 1999/Dec 2001	\$245,516
5298 Planner III	1.0 FTE	Sept. 2000-Oct. 2001	\$80,726
Total	3.0 FTE		\$680,533

Consultants

Permit Planner Dr. Janice Hutton, Subconsultant thru Luster/GKO
 EIR/EIS Coordinator Michele DelDuca, Subconsultant thru Environmental Service Associates
 (Ms. DelDuca was paid under the ESA Contract)

Title	FTE	Period	Total Paid
Permit Planner	1.0 FTE	Aug 1999-June 2001	\$220,637
EIR/EIS Coord.	1.0 FTE	Sept. 1999-Dec 2001	\$****
Total	2.0 FTE		\$220,637

****\$388,980 of the \$771,806 paid to ESA represents the payment to Ms. DelDuca

Total for Environmental

\$901,170

Marine Structures: The Marine Structures Section is responsible for all preliminary engineering associated with the development of the EIR and EIS documents. This includes the mapping of the Bay bottom, obtaining core samples of the various types and levels of Bay mud, reviewing all construction design concepts and methodologies, and reviewing all potential engineering scheduling.

CCSF Staff

Classification	FTE	Period	Total Paid
5204 Assoc Engr.	1.0 FTE	March 1999-Nov. 2001	\$129,698
145 Exec Secty. I	1.0 FTE	March 1999-Dec. 2001	\$120,528
Total	1.0 FTE		250,226

Consultants

Manager Marine Structures William Cooke Sub Consultant to Luster/GKO

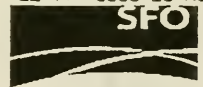
Title	FTE	Period	Total Paid
Marine Struct. Mgr.	1.0 FTE	March 1999-Sept 2001	\$568,142
Total	1.0 FTE		\$568,142

Total Marine Structures **\$818,368**

Pavement and Utilities: The Pavement and Utilities Section is responsible for all of the drawing, charts, and other graphics that will be included in both environmental documents. Additionally, should the project move forward, the Pavement and Utilities Section would draft all items such as Navigational Aids (NAVAIDS) utility conduits, runway pavement, the Emergency Response Facility (ERF) and the new control tower.

CCSF Staff

Classification	FTE	Period	Total Paid
0941 Mgr. X	1.0 FTE	March 1999-Dec 2001	\$313,983
5241 Civil Engr.	1.0 FTE	March 1999-Dec 2001	\$228,080
5366 Engr Assoc I	1.0 FTE	March 1999-Dec 2001	\$171,375
5364 Cv.Eng Assoc I	1.0 FTE	May 2000-Dec 2001	\$102,810
5241 Civil Engr.	1.0 FTE	March 1999-Dec 2001	\$180,684
1450 Exec Secty. I	1.0 FTE	Nov. 2000-Dec. 2001	\$66,084
5380 Eng. Intern	1.0 FTE	June 2000 – Aug 2001	\$32,230
Total	7.0 FTE		\$1,095,246



San Francisco International Airport

May 23, 2002

P.O. Box 8097
 San Francisco, CA 94128
 Tel 650 821 5000
 Fax 650 821 5005
 www.flysfo.com

VIA FAX

Ms. Anna LaForte
 Budget Analyst Office
 1390 Market Street, Ste. 1025
 San Francisco, CA 94102

Dear Anna,

I am writing to explain differences in figures provided to you. The figure of \$224,034,821 was the amount projected in schedule 1 of 14 CFR 158 in the application submitted to the FAA in August 2001. This was the amount estimated to be collected at that time. The FAA approved the collection of amounts up to this sum. At that time, this figure based on enplaned projections was approximate \$400,000 less than the total of eligible costs.

The figure of \$224,467,913 is the total of all projects eligible to be paid with PFC monies. We provided this number in response to a request for a listing of projects eligible to be financed with PFC monies.

The above two sums vary because the first figure reflects what we projected we would collect last August based on the enplaned passenger forecasts at that time.

The figure of \$224,034,821 in the proposed ordinance matches the figure in the Federal Register and is the final amount approved by the FAA.

The figure of \$220,017,913 appears in the schedule submitted on May 7, 2002. This schedule moves \$4.5 million to the discretionary grant column in order to "earmark" with the FAA some sums to be preserved for future discretionary grants. As explained in the last page of the May 20, 2000 memorandum "PFC Eligible Projects and Costs (Project Listing and Budget)", this is a common practice when preparing PFC applications. In short, if the FAA gives the Airport a \$4.5 million discretionary grant, then that means the Airport would need to collect that much less in PFC revenues over time.

Very truly yours,

Leo Fermin
 Associate Deputy Director
 Business and Finance



DENNIS J. HERRERA
City Attorney

AIRPORT DIVISION: Page 1 of 2
MARA E. ROSALES
Airport General Counsel

DIRECT DIAL: (650) 821-5065
E-MAIL: mara.rosales@cityofsf.com

May 15, 2002

Via Facsimile to (415) 252-0461

Mr. Harvey Rose
Budget Analyst
Harvey Rose Associates
1390 Market Street, Suite 1025
San Francisco, CA 94102

Re: Misstatement in May 15, 2002 Budget Analyst Finance Committee Report for
Item 6 – File 02-0473

Dear Mr. Rose:

This letter confirms my two, as yet unreturned, voice mail messages to Ms. Sarah Graham of your office concerning the above-referenced matter.

I called your office to advise you that your above-referenced May 15, 2002 report to the Finance Committee inaccurately characterized my statements as to legal advice given to the Airport in the past.

The inaccurate statement in the report is at paragraph 3:

Ms. Mara Rosales, General Counsel for the Airport, states that the City Attorney's Office has previously determined that the Airport is not required to obtain prior approval from the Board of Supervisors for contracts over \$10,000,000 if the contract are for architectural and engineering services.

In fact, I stated that many years ago former General Counsel Don Garibaldi had advised the Airport that he believed that construction-related professional services contracts fell within the exception for construction contracts contained in the Charter and thus were not subject to Board of Supervisors review. I indicated that the Airport had followed this advice for many years including throughout the recent Master Plan Expansion Program though the City Attorney's Office had not issued a formal opinion on this matter.

SAN FRANCISCO INTERNATIONAL AIRPORT • INTERNATIONAL TERMINAL BLDG. 100, 5TH FLOOR • P.O. BOX 8097

SAN FRANCISCO, CA 94128

RECEPTION: (650) 821-5050 • FACSIMILE: (650) 821 5051

Letter to Mr. Harvey Rose

Page 2

May 15, 2002

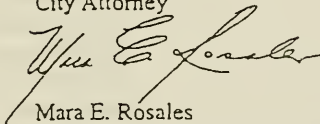
Attachment V
Page 2 of 2

Had your office extended me the courtesy it offered to review a draft of the report, as Ms. Graham promised me, I would have corrected the inaccuracy and this letter would have been unnecessary.

Very truly yours,

DENNIS J. HERRERA

City Attorney



Mara E. Rosales

Airport General Counsel

MER:ry

cc: Supervisor Peskin (by hand delivery)
Supervisor Maxell (by hand delivery)
Supervisor Daly (by hand delivery)
John L. Martin
Ted Lakey

Item 8 – File 02-0728

Department: Mayor's Office of Housing

Item: Resolution determining and declaring that the public interest and necessity demand improvements in the City and County of San Francisco consisting of financing the acquisition, rehabilitation, renovation, improvement, construction, refinancing or preservation of privately-owned or leased rental and housing affordable to low-income and moderate-income households, providing downpayment assistance to low-income and moderate-income first time homebuyers and paying all other costs necessary and convenient for effectuating those purposes, that the estimated cost of \$250,000,000 for the improvements described above is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53.

Description: The State General Obligation Bond Law requires that, in order for the City to issue General Obligation Bonds, a resolution of public interest and necessity must first be adopted by a two-thirds vote of the Board of Supervisors, and according to Ms. Nadia Sesay of the Mayor's Office of Public Finance, the proposed bonds must then be approved by two-thirds of the electorate. If the proposed resolution (determining and declaring that public interest and necessity justify the proposed bonds) is approved by a two-thirds vote of the Board of Supervisors, an ordinance will be introduced to provide for the proposed General Obligation Bond measure to be scheduled for a vote by the San Francisco electorate on November 5, 2002.

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

The proposed \$250,000,000 General Obligation Bond Issue submitted by the Mayor's Office of Housing would be issued over a five-year period, beginning in June of 2003, at \$50,000,000 per year to provide \$250,000,000 for the Affordable Housing and Home Ownership Bond Program.

In 1996, San Francisco voters approved Proposition A General Obligation bonds in the amount of \$100,000,000 for the Affordable Housing and Home Ownership Bond Program. Mr. Joe LaTorre of the Mayor's Office of Housing reports that the subject proposed bond funds would continue funding of the Affordable Housing and Home Ownership Bond Program. Mr. LaTorre states that, excluding the estimated \$2,000,000 in Bond Issuance Costs, 74 percent of the bond proceeds, or \$183,520,000, would be allocated to the Housing Development Account to fund loans and grants made to developers of affordable rental housing for low-income¹ households who meet eligibility criteria and agree to comply with the long-term affordability requirements of the program. Mr. LaTorre states that the remaining 26 percent of the bond proceeds, or \$64,480,000, would be allocated to the Homeownership Assistance Account to fund the construction of new home ownership housing and to fund downpayment assistance loans made to low-income and moderate-income² first-time homebuyers.

Budget:

	<u>Amount</u>
Housing Development Account	\$183,520,000
Homeownership Assistance Account	64,480,000
Bond Issuance Costs	<u>2,000,000</u>
Total	\$250,000,000

¹ Low-income households are defined as those households earning 60 percent or less of the San Francisco Metropolitan Statistical Area median income. In 2002, low-income households ranged from an annual income of \$36,150 for a one person household to \$51,650 for a four person household.

² Moderate-income households are defined as those households earning up to 100 percent of the San Francisco Metropolitan Statistical Area median income. In 2002, moderate-income households ranged from an annual income of \$60,250 for a one person household to \$86,100 for a four person household.

Memo to Finance Committee
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Comments:

1. Ms. Karen Ribble of the Mayor's Office of Public Finance estimates that the proposed bonds would bear an overall effective interest rate of approximately 7.5 percent.

2. Ms. Ribble advises that it is anticipated that there would be five separate bond issuances over the course of the project for the total amount of \$250,000,000 between 2003 and 2007. Each of the bonds would have a 20-year life. According to Ms. Ribble, the proposed bonds in the amount of \$250,000,000 would result in total debt service of approximately \$485,487,917 over the proposed 24-year bond period. Average debt service payment per year would be approximately \$20,228,663.

3. According to Ms. Ribble, if the \$250,000,000 in General Obligation Affordable Housing and Home Ownership bonds were to be issued, the proposed bonds in the amount of \$250,000,000 would result in an increase in the Property Tax rate of approximately \$0.031367 per \$100 of assessed value. At that rate, the owner of a single-family residence assessed at \$400,000, assuming the \$7,000 homeowner's exemption, would pay an initial estimated \$123.27 in additional annual Property Taxes due to the issuance of the proposed \$250,000,000 in bonds.

4. Ms. Ribble states that the City's General Obligation bonding capacity, which is equal to three percent of the City's net assessed property value, is \$2,617,870,061 based on a net assessed valuation of \$87,262,335,367 for Fiscal Year 2001-2002. Ms. Ribble states that, as of July 1, 2002, the City will have outstanding \$919,220,000 aggregate principal amount of General Obligation Bonds, not including the subject Bonds under this resolution. Therefore, Ms. Ribble advises that the City's current available General Obligation bonding capacity is approximately \$1,698,650,061. The Budget Analyst notes that up to an additional \$6,500,000 in Zoo Facilities Bonds is pending approval by the Board of Supervisors, which would

result in the City's remaining debt capacity being reduced to \$1,692,150,061 (File 02-0759).

If the subject bond issue of \$250,000,000 proposed for the November 5, 2002, ballot were to be approved by voters, and all \$250,000,000 in bonds were issued in FY 2002-2003, the remaining General Obligation bonding capacity would be \$1,442,150,061. However, pursuant to the proposed plan of the Mayor's Office of Housing, Mr. LaTorre advises that the proposed Affordable Housing and Home Ownership Bonds are anticipated to be sold in five separate issuances, over a five-year period, thus allowing for a slightly larger General Obligation bonding capacity to remain each year until all of the bonds are sold during the five-year period. According to Ms. Ribble, the amount of debt that could be issued in any given year is partly a function of the level of payments on existing debt, which fluctuates as older bond issues are retired and new bonds are issued.

5. Mr. LaTorre reports that the Mayor's Office of Housing has previously submitted a proposal for the \$250,000,000 General Obligation Bond measure to the Capital Improvement Advisory Committee (CIAC) on May 17, 2002. According to Mr. Julian Low of the Mayor's Office of Finance, the CIAC will review the proposed Affordable Housing and Home Ownership General Obligation Bonds at the CIAC's meeting on May 29, 2002.

6. If the Board of Supervisors approves the proposed resolution and the electorate subsequently approves the \$250,000,000 in Affordable Housing and Home Ownership General Obligation Bonds, the subsequent issuance and sale of such bonds would require approval by the Board of Supervisors. Furthermore, expenditure of any of the proceeds of the proposed General Obligation Bonds by the Mayor's Office of Housing would also require appropriation approval by the Board of Supervisors.

Memo to Finance Committee
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7. Pursuant to Motion MO2-48, approved by the Board of Supervisors on March 18, 2002, and MO2-46 also approved by the Board of Supervisors on March 18, 2002, the Budget Analyst has conducted an expedited limited review of the management of the existing Affordable Housing and Home Ownership Bond Program (the "Program"), as administered by the Mayor's Office of Housing (MOH). The direction from the Board of Supervisors was to audit already expended and/or committed bond funds, provide verified answers to eight specific questions concerning the Program's efficiency and effectiveness, and to report on any other issues found during the limited review. As of the writing of this report, the Budget Analyst is finalizing a draft report presenting the results of this limited review. The final report to the Board of Supervisors will be issued during the first week of June of 2002.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

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Item 9 - File 02-0759

Department: Mayor's Office of Public Finance
Recreation and Parks Department - San Francisco Zoo
(RPD)

Item: Resolution authorizing and directing the sale of not to exceed \$6,500,000 City and County of San Francisco General Obligation Bonds (Zoo Facilities Bonds, 1997), Series 2002A; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the forms of official Notice of Sale and Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; amending Section 9(b) of the Authorizing Resolution to change the principal payments from each December 15 to each June 15; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds.

<u>Amount:</u>	<u>Series</u>	<u>Description</u>	<u>Amount</u>
	2002A	Zoo Facilities Bond	\$6,500,000

Description: On June 3, 1997, San Francisco voters approved the issuance of \$48,000,000 in General Obligation bonds to provide funding for the acquisition, construction, and/or reconstruction of facilities for the San Francisco Zoo. On June 29, 1999, the City sold the first series of bonds on behalf of the San Francisco Zoo in the amount of \$16,845,000 (Zoo Facilities Bonds, 1997), Series 1999C. On June 14, 2000, the City sold the second series of bonds on behalf of the San Francisco Zoo in the amount of \$17,440,000 (Zoo Facilities Bonds, 1997), Series 2000B. The remaining authorized amount of unsold bonds is \$13,715,000 (\$48,000,000 less \$16,845,000 less \$17,440,000). Approval of this request for authorization to sell \$6,500,000 in General Obligation Bonds would leave \$7,215,000 in authorized, but unsold, bonds.

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

Proceeds from the proposed sale of the third series of Zoo Facilities bonds, which are the subject of this resolution would be used as follows:

<u>Project</u>	<u>Amount</u>	
Africa! Savanna construction	\$4,388,184	
Infrastructure & Power Transformers	295,700	
Demolish Fleishhacker Building	204,300	
Bid Contingency (see Comment No. 6)	<u>1,120,053</u>	
<i>Subtotal</i>		\$6,008,2
Bond Issuance Costs		<u>200,0</u>
Total		\$6,208,2

Attachments I and II, provided by the Zoo, contain additional budget details and a description of the Africa! Savanna project, the Infrastructure and Power Transformers project and the Demolish the Fleishhacker Building project. As shown in Attachment II, these three projects would be partially funded from the proposed subject bond proceeds of \$6,500,000. As noted in the table above, the total estimated project costs are \$6,208,237, which is \$291,763 less than the proposed sale of up to \$6,500,000 in Series 2002A General Obligation Bonds. Ms. Karen Ribble of the Mayor's Office of Public Finance states that although the subject resolution provides for the sale of up to \$6,500,000, only the actual amount of General Obligation Bonds needed for the projects would be sold, or approximately \$6,210,000 given that the costs of the projects and bond issuance total \$6,208,237.

General provisions regarding the sale of the bonds would be as follows:

- The sale of the bonds is tentatively scheduled for July 17, 2002.
- Under the proposed resolution, the bonds would be sold at an interest rate which could not exceed 12 percent per year and would mature no later than June 15, 2022, or 20 years.
- Property Taxes collected to redeem the bonds would be deposited in the special funds account which would be created specifically for this purpose.
- An official statement describing the proposed bonds to be issued is referenced in the proposed resolution for

BOARD OF SUPERVISORS

BUDGET ANALYST

approval by the Board of Supervisors. The official statement would be available to all potential bidders for the bonds.

- Bonds would be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest or principal payments.

Comments:

1. Under the proposed resolution, the annual interest rate for the bonds could not exceed 12 percent. Ms. Ribble estimates that if the bonds were sold at current interest rates, the bonds would be sold at an overall effective interest rate of approximately 5.25 percent.

2. According to Ms. Ribble, the proposed sale of Series 2002A in the amount of up to \$6,500,000 would result in total interest costs of approximately \$4,050,000, and total debt service of approximately \$10,550,000 (\$6,500,000 plus \$4,050,000) over the 20-year life of the bonds. Average debt service payment per year would be approximately \$527,500.

3. According to Ms. Ribble, the proposed Series 2002A sale of Zoo Facilities Bonds in the amount of \$6,500,000 would result in an increase in the Property Tax rate of approximately \$0.000659 per \$100 of assessed value. At that rate, the owner of a single family residence assessed at \$400,000, assuming the \$7,000 homeowner's exemption, would pay an initial estimated \$2.59 in additional Property Taxes annually due to the issuance of these bonds.

4. Ms. Ribble states that the cost of selling \$6,500,000 Series 2002A Zoo Facilities Bonds, including fees for outside bond counsel, financial advisors, printing costs, advertising and the services of the Mayor's Office of Public Finance, the Controller's Office and City Attorney, are expected to be approximately \$200,000, or 3.08 percent of the total value of the bonds issued. Attachment III, provided by the Mayor's Office of Public Finance, details the bond issuance costs.

5. Ms. Ribble states that the City's General Obligation bonding capacity, which is equal to three percent of the City's net assessed property value, is \$2,617,870,061 based

on a net assessed valuation of \$87,262,335,367 for Fiscal Year 2001-2002. Ms. Ribble states that, as of July 1, 2002, the City will have outstanding \$919,220,000 aggregate principal amount of General Obligation Bonds, not including the subject Bonds under this resolution. Therefore, Ms. Ribble advises that the City's current available General Obligation bonding capacity is approximately \$1,698,650,061. The proposed sale of bonds in the total amount of \$6,500,000 would reduce the City's bonding capacity from \$1,698,650,061 to approximately \$1,692,150,061. The Budget Analyst notes that File 02-0728 proposes to issue \$250,000,000 in General Obligation Bonds for the Affordable Housing and Home Ownership Bond Program, which, if approved by the Board of Supervisors and voters, would result in the City's Remaining Debt Capacity being reduced to \$1,442,150,061. However, Ms. Ribble advises that the City's available bonding capacity varies from time to time as bonds are repaid and new bonds are issued.

6. As shown in Attachment II, the Africa! Savanna project is estimated to cost a total of \$18,015,095, and would be funded from \$13,656,067 in bond proceeds and bond interest earnings and \$4,359,028 from private donations to the Zoological Society. Mr. Rick Mortazavi representing the San Francisco Zoo advises that \$9,879,188 of the \$13,656,067 in bond funds, includes the \$4,388,184 in funds from the anticipated subject bond issuance of \$6,500,000, and \$5,491,004 (\$9,879,188 less \$4,388,184) in bond funds which were previously appropriated in FY 2001-2002 and FY 2000-2001 respectively. Although \$4,388,184 of the subject bond funds for the Africa! Savanna project have already been appropriated, the Controller's Office has placed such funds on reserve pending the sale of the proposed subject bonds. According to Mr. Mortazavi, the remaining \$3,776,879 (\$13,656,067 less \$9,879,188) in bond funds and bond interest earnings shown in Attachment I will be requested in the FY 2002-2003 budget.

Mr. Mortazavi advises that the Zoo will not receive the construction bids for the Africa! Savanna project until June 19, 2002 and, therefore, the Zoo has included a Bid Contingency related to this proposed third bond sale (see Attachment I) of 9.6 percent or \$1,120,053 in case the

Memo to Finance Committee
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construction bids for the Africa! Savanna project exceed the \$11,689,374 construction cost estimate for the project as shown in Attachment II. Mr. Mortazavi notes that the other construction contingency of \$1,107,000 shown in Attachment II was budgeted to allow for needed change orders after the construction of the Africa! Savanna project has begun.

As previously noted, Ms. Ribble advises that although the subject resolution provides for the sale of up to \$6,500,000, only the actual amount of General Obligation Bonds needed would be sold.

- Recommendations:**
1. Given that the total estimated cost of the projects, including the Bond Contingency, plus the cost of issuance is \$6,208,237, amend the proposed resolution to reduce the authorized bond issuance amount from \$6,500,000 to \$6,210,000.
 2. Approve the proposed resolution, as amended.

MAYOR'S OFFICE OF PUBLIC FINANCE
PROJECT INFORMATION WORKSHEET

**Attachments 2 & 3 of 24 – Proposed Usage of the Zoo Facilities Bond,
Interest on Bond Funds, and the Remainder of
the Infrastructure Bond:**

Project Description	1st Bond Sale	2nd Bond Sale	Bond Interest	ESP2 (Infr.) Bond	3rd Bond Sale	4th Bond Sale	TOTAL
Education Center	3,741,328			116,261			3,857,589
Animal Resource Center	2,611,125			170,883			2,782,008
Warehouse (Zoo support Facility)		2,096,010		90,000			2,186,010
Administration Campus	264,411						264,411
Children's Zoo Barn & Wetlands (in A.R.C.)	49,000						49,000
Quarantine & Holding		2,542,040		21,030			2,563,070
Public Art Program	800,000						800,000
Repair & Replacement	704,024						704,024
Entrance & Zoo Street	7,183,160	5,896,511		475,000			13,554,671
Carousel	700,000						700,000
Madagascar (Lemur Forest)		1,414,435					1,414,435
Africa! Savanna		5,491,004	3,178,751	598,128	4,388,184		13,656,068
Great Ape Forest						7,706,763	7,706,763
Power Transformers (Infrastructure)					295,700		295,700
Demolish Fleishhacker Building					204,300		204,300
DPW Program Management	350,000						350,000
Bond Establishment Costs	441,952						441,952
Bid Allowance/Contingency					1,120,053		1,120,053
Infrastructure Allowance				28,698			28,698
TOTAL	16,845,000	17,440,000	3,178,751	1,500,000	6,008,237	7,706,763	52,678,741

MAYOR'S OFFICE OF PUBLIC FINANCE
PROJECT INFORMATION WORKSHEET

Attachment 1 of 24 – Preamble for Worksheet Attachments to Item 1

Background

The San Francisco Zoo Phase II Master Plan will cost \$92.8 million to complete and will be funded by the \$48 million 1997 Zoo Facilities Bond, \$3.178m (approx) of Interest earned on the Bond Money, \$1.5 million transferred from the remainder of the 1990 Earthquake Safety Program Bond (ESP2), \$40 million from private donations and \$300 thousand from a State Bond that is treated as Zoological society funding.

The Plan includes the redevelopment of approximately half of the zoo including the following: Africa savanna, great ape forest, Madagascar exhibit (Lemur forest), new entrance and parking area, public art program, children's zoo renovations, renovations of the existing carousel, repair & replacement of existing facilities to conform with the requirements of the USDA, education center, animal resource center, warehouse, quarantine & holding facility, augmentation of the site infrastructure and administrative space. The work under the plan will be completed in the year 2004.

**Description of
Funding Sources**

1997 Zoo Facilities Bond: In 1997, the voters of San Francisco approved a Bond Issuance in the amount of \$48 million for improvements to the San Francisco Zoo. Two Bond sales have been completed, the first for \$16,845,000 and the second for \$17,440,000. This document is a request for the third Bond Sale for \$6,008,237 which will allow the San Francisco Zoological Society and the DPW to commence with the Construction Contract for the Africa! Savanna scheduled for contract award August 12, 2002.

Private Funding: The San Francisco Zoological Society (SFZS) will raise \$40 million from private donations to support the program. These funds will be used for Zoo program management and a portion of the Master Plan design and construction costs. SFZS has currently raised \$23 million and has confirmed pledges totaling \$40 million, including the money raised to date.

MAYOR'S OFFICE OF PUBLIC FINANCE
PROJECT INFORMATION WORKSHEET

Attachment 15 of 24 – Africa! Savanna

PIW REF'	SUBJECT	DETAILS																																																				
1.	Project Description	The Africa! Savanna together with the Great Ape Forest exhibit will be approximately 340,000 SF of new animal exhibits. The Africa! Savanna will provide a natural habitat for Giraffe, Zebra, Eland, Nyala, Duiker and many bird species. Site improvements include extensive landscaping, visitor pathways and observation shelters and new animal management facilities, including a hoofstock barn and giraffe barn.																																																				
2.	Current Budget	<p>The Budget for this Project is \$18,015,095, of which \$5,491,004 will be from the Second Bond Sale, \$3,178,751 from Bond Interest, \$598,128 from the ESP Bond and \$4,388,184 from the Third Bond Sale. The remainder will be financed by private donations to the Zoological Society. The Source and Uses of the funds will be:</p> <table><tr><th><u>Cost Account</u></th><th><u>Zoo Bond Sales/ Bond Interest</u></th><th><u>Zoo Capital</u></th><th><u>Total</u></th></tr><tr><td>Private A/E Services</td><td></td><td>\$1,946,839</td><td></td></tr><tr><td>URS & Zoo Staff Design</td><td></td><td>68,000</td><td></td></tr><tr><td>Construction City</td><td>\$11,689,374</td><td></td><td></td></tr><tr><td>Construction Zoo</td><td></td><td>361,000</td><td></td></tr><tr><td>Fees & Permits</td><td>110,000</td><td></td><td></td></tr><tr><td>Furniture & Fittings</td><td></td><td>490,132</td><td></td></tr><tr><td>Graphics</td><td></td><td>1,425,750</td><td></td></tr><tr><td>BCM Const'n Mgt</td><td>859,693</td><td></td><td></td></tr><tr><td>Mgmt – Zoo</td><td></td><td><u>67,307</u></td><td></td></tr><tr><td>Construction</td><td></td><td></td><td></td></tr><tr><td>Contingency</td><td><u>1,107,000</u></td><td></td><td></td></tr><tr><td>Total</td><td>\$13,656,067</td><td>\$4,359,028</td><td>\$18,015,095</td></tr></table>	<u>Cost Account</u>	<u>Zoo Bond Sales/ Bond Interest</u>	<u>Zoo Capital</u>	<u>Total</u>	Private A/E Services		\$1,946,839		URS & Zoo Staff Design		68,000		Construction City	\$11,689,374			Construction Zoo		361,000		Fees & Permits	110,000			Furniture & Fittings		490,132		Graphics		1,425,750		BCM Const'n Mgt	859,693			Mgmt – Zoo		<u>67,307</u>		Construction				Contingency	<u>1,107,000</u>			Total	\$13,656,067	\$4,359,028	\$18,015,095
<u>Cost Account</u>	<u>Zoo Bond Sales/ Bond Interest</u>	<u>Zoo Capital</u>	<u>Total</u>																																																			
Private A/E Services		\$1,946,839																																																				
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Contingency	<u>1,107,000</u>																																																					
Total	\$13,656,067	\$4,359,028	\$18,015,095																																																			
3.	Current Site Use	This new facility will provide an additional exhibit that will be constructed on undeveloped Zoo property.																																																				
4.	Intended Site Use	With an aim to inspire conservation, these exhibits will provide																																																				

zoo visitors with views of African wildlife in the context of Africa-like landscape, encouraging the animals to engage in interesting and diverse natural behaviors. A Field Station and the Giraffe barn will provide indoor interpretive areas for Zoo guests.

- | | | | |
|-----|------------------------------------|---|------------|
| 5. | Project Funding Required | June 24, 2002 | |
| 6. | Funds Required & Use of Funds | Refer above for details of funds provided and their usage | |
| 7. | Funds Expenditure | Expenditure will commence September 2002 | |
| 8. | Project Milestones | Bid Receipt Date | 6/19/2002 |
| | Bid Phase | Award Date | 8/12/2002 |
| 9. | Project Milestones | Construction Start | 9/3/2002 |
| | Completion Date | Substantial Completion | 11/27/2003 |
| 11. | Officials briefed in past 6 Months | Officers of DPW/ BOA and BCM | |
| 12. | Director Involvement | Director of Public works. | |

**MAYOR'S OFFICE OF PUBLIC FINANCE
PROJECT INFORMATION WORKSHEET**

Attachment 17 of 24 – Infrastructure & Power Transformers

PIW REF'	SUBJECT	DETAILS																																
1.	Project Description	<p>Implementation of the Infrastructure Master Plan provided only the general utility needs of the zoo. Additional infrastructure design work was necessary to compliment the Infrastructure Master Plan by designing the specific utility routes and upgrades needed to connect the recently completed infrastructure corridor to within 5 feet of newly completed facilities and exhibits. As such, a contract was negotiated to complete the additional design work needed to connect the infrastructure corridor with the new facilities and exhibits and to augment the capacity of the electric power distribution system by the addition of two new power transformers.</p> <p>The construction of the extension to the infrastructure corridor has been included in the work to be performed as part of the Entry & Zoo Street Project.</p>																																
	Current Budget	<p>The Budget for this Project is \$566,482 of which \$295,700 will come from the Third Bond Sale and the remainder financed by the Zoological society from private donations. The Source and Uses of the funds was / will be:</p> <table><tr><th><u>Cost Account</u></th><th><u>Bond</u></th><th><u>Zoo Capital</u></th><th><u>Total</u></th></tr><tr><td>Private A/E Services</td><td></td><td>\$200,000</td><td></td></tr><tr><td>BOA/BOE Services</td><td></td><td></td><td></td></tr><tr><td>Construction City</td><td><u>\$295,700</u></td><td></td><td></td></tr><tr><td>Construction Zoo</td><td></td><td><u>70,282</u></td><td></td></tr><tr><td>Fees & Permits</td><td></td><td></td><td></td></tr><tr><td>Contingency</td><td></td><td></td><td></td></tr><tr><td>Total</td><td>\$295,700</td><td>\$270,282</td><td>\$566,482</td></tr></table>	<u>Cost Account</u>	<u>Bond</u>	<u>Zoo Capital</u>	<u>Total</u>	Private A/E Services		\$200,000		BOA/BOE Services				Construction City	<u>\$295,700</u>			Construction Zoo		<u>70,282</u>		Fees & Permits				Contingency				Total	\$295,700	\$270,282	\$566,482
<u>Cost Account</u>	<u>Bond</u>	<u>Zoo Capital</u>	<u>Total</u>																															
Private A/E Services		\$200,000																																
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Construction Zoo		<u>70,282</u>																																
Fees & Permits																																		
Contingency																																		
Total	\$295,700	\$270,282	\$566,482																															
	Current Site Use	<p>These transformers augment the power supply capacity at the Zoo necessary to supply the new facilities and exhibits and will be constructed on undeveloped Zoo property.</p>																																
	Intended Site Use	<p>The infrastructure included in the project includes providing</p>																																

natural gas, potable water, recycled water, groundwater,
electrical and communication service to Zoo facilities.

- | | | |
|-----|---------------------------------------|---|
| 5. | Project Funding
Required | June 24, 2002 |
| 6. | Funds Required &
Use of Funds | Refer above for details of funds provided and their usage |
| 7. | Funds Expenditure | Expenditure will commence September 2002 |
| 8. | Project Milestones
Bid Phase | Completed |
| 9. | Project Milestones
Completion Date | Substantial Completion 11/27/2003 |
| 11. | Officials briefed
past 6 Months | Officers of DPW/ BOA and BCM |
| 12. | Directors
Involvement | Director of Public works. |

MAYOR'S OFFICE OF PUBLIC FINANCE
PROJECT INFORMATION WORKSHEET

Attachment 17A of 24 – Demolish Fleishhacker Building

PIW REF'	SUBJECT	DETAILS																																																						
1.	Project Description	<p>The area to the immediate west of the existing Zoo, known as the Fleishhacker site, is the former location of the Fleishhacker Pool and site of the abandoned Fleishhacker Bath House. As part of the San Francisco Zoo Infrastructure Master Plan Project, a wet weather lift station is currently being constructed at the northern end of the Fleishhacker site (near Sloat Blvd.). The wet weather lift station, a component of the new drainage/sewer system, will "lift" flows from drainage to the Westside Transport Facility. The future use of the Fleishhacker site is being coordinated with the San Francisco Public Works Department, which plans to construct a Recycled Water Treatment Plant and water storage facilities in this area.</p> <p>This project includes demolishing the abandoned Fleishhacker Pool building, which has been deemed un-renovatable. This project also includes landscape planting and irrigation.</p>																																																						
	Current Budget	<p>The Budget for this Project is \$815,400 of which \$204,300 will come from the Third Bond Sale and the remainder to be financed by the Public Utilities Commission, the Recreation and Parks Department and the Zoological society from private donations. The Source and Uses of the funds will be:</p> <table><tr><th><u>Cost Account</u></th><th><u>Zoo Bond</u></th><th><u>PUC</u></th><th><u>R&P</u></th><th><u>Zoo Cap</u></th><th><u>Total</u></th></tr><tr><td>Demo Documents</td><td></td><td></td><td></td><td>\$45,000</td><td></td></tr><tr><td>Landscape Consulting</td><td></td><td></td><td></td><td><u>22,500</u></td><td></td></tr><tr><td>BCM Services</td><td>\$22,320</td><td></td><td></td><td></td><td></td></tr><tr><td>Demolition City</td><td>6,400</td><td><u>\$271,800</u></td><td><u>\$271,800</u></td><td></td><td></td></tr><tr><td>Fees & Permits</td><td>8,000</td><td></td><td></td><td></td><td></td></tr><tr><td>Testing/Monitoring</td><td>4,500</td><td></td><td></td><td></td><td></td></tr><tr><td>Contingency</td><td><u>163,080</u></td><td></td><td></td><td></td><td></td></tr><tr><td>Total</td><td>\$204,300</td><td>\$271,800</td><td>\$271,800</td><td>\$67,500</td><td>\$815,400</td></tr></table>	<u>Cost Account</u>	<u>Zoo Bond</u>	<u>PUC</u>	<u>R&P</u>	<u>Zoo Cap</u>	<u>Total</u>	Demo Documents				\$45,000		Landscape Consulting				<u>22,500</u>		BCM Services	\$22,320					Demolition City	6,400	<u>\$271,800</u>	<u>\$271,800</u>			Fees & Permits	8,000					Testing/Monitoring	4,500					Contingency	<u>163,080</u>					Total	\$204,300	\$271,800	\$271,800	\$67,500	\$815,400
<u>Cost Account</u>	<u>Zoo Bond</u>	<u>PUC</u>	<u>R&P</u>	<u>Zoo Cap</u>	<u>Total</u>																																																			
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Testing/Monitoring	4,500																																																							
Contingency	<u>163,080</u>																																																							
Total	\$204,300	\$271,800	\$271,800	\$67,500	\$815,400																																																			
	Current Site Use	This is an abandoned building.																																																						
	Intended Site Use	This is a potential site for a recycled water treatment plant and water storage facilities.																																																						

storage facilities.

5. Project Funding Required 12/1/2002
6. Funds Required & Use of Funds Refer above for details of funds provided and their usage
7. Funds Expenditure Expenditure will commence September 2002
8. Project Milestones Bid Phase

Bid Receipt Date	12/1/2002
Award Date	1/29/2003
9. Project Milestones Completion Date Substantial Completion 3/29/2003
11. Officials briefed past 6 Months Officers of DPW/ BOA and BCM
12. Directors Involvement Director of Public works.

Estimated Costs of Issuance5/13/2002**FINANCIAL ADVISOR FEES****CO FINANCIAL ADVISORS**

<i>Causeway Financial Consulting</i>	10,000.00
<i>Sperry Capital Inc.</i>	10,000.00
<i>Expenses</i>	1,000.00

BOND COUNSEL FEES - estimated**CO BOND COUNSEL**

<i>Liz Green</i>	10,000.00
<i>Leslie Lava</i>	10,000.00
<i>Expenses</i>	

MAYOR'S OFFICE OF PUBLIC FINANCE	20,000.00
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CONTROLLER'S OFFICE	15,000.00
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TREASURER'S OFFICE	5,000.00
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CITY ATTORNEY OFFICE	25,000.00
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RATING AGENCY FEES

<i>Standard & Poors - per Steve Z 5/10/02</i>	13,750.00
<i>Moodys</i>	10,000.00
<i>Fitch</i>	10,000.00

PRINTING/Posting	15,000.00
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*Printing of Preliminary Official Statement
and Official Statements (POS/OS)
Posting*

ADVERTISING

Bond Buyer	1,000.00
Parity	1,500.00

CONTINGENCY	<u>42,750.00</u>
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TOTAL COST OF ISSUANCE	200,000.00
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Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

Item 10 – File 02-0795

Department: Parking Authority
Mayor's Office of Public Finance

Item: Resolution (1) approving the issuance of Parking Revenue Refunding Bonds by the San Francisco Downtown Parking Corporation in an amount not to exceed \$13,700,000, to refinance bonds issued in 1993 which funded the expansion and remodeling of the 5th and Mission Public Parking Garage; (2) approving a bond indenture modifying the maximum amount of the Surplus Revenue Fund; (3) authorizing and ratifying the execution and delivery of documents reasonably necessary for the issuance, sale and delivery of such refunding bonds; and (4) ratifying previous actions taken in connection therewith.

Amount: Not to exceed \$13,700,000

Source of Funds: San Francisco Downtown Parking Corporation Parking Revenue Refunding Bonds

Description: According to Mr. Ron Szeto of the Department of Parking and Traffic (DPT), the City-owned 5th and Mission Street Public Parking Garage, located at 833 Mission Street, is leased by the City to the San Francisco Downtown Parking Corporation, a nonprofit corporation. Attachment I, provided by DPT, contains background information on the San Francisco Downtown Parking Corporation and their existing lease agreement with the City. Mr. Szeto advises that, under the terms of the 26-year lease between the City and the Corporation which began on April 1, 1992 and terminates on April 1, 2018¹, the Corporation is required to obtain Board of Supervisors approval for the issuance of tax-exempt bonds and the execution of various documents related to such bonds. In 1993, the Board of Supervisors authorized the Corporation to issue \$15,800,000 in Parking Revenue Bonds to upgrade and expand the 5th and Mission Garage by adding approximately 700 parking spaces on two

¹ According to the terms of the lease between the City and the Corporation, the lease period began on April 1, 1992 and terminates on the earlier of 50 years (March 31, 2042) or the date of the last debt service payment (April 1, 2018).

additional parking levels. According to Ms. Nadia Sesay of the Mayor's Office of Public Finance, the outstanding principal amount of debt from the original 1993 \$15,800,000 bond issuance is \$12,785,000 as of May 20, 2002.

Approval of the proposed resolution would authorize the San Francisco Downtown Parking Corporation to issue tax-exempt Parking Revenue Refunding Bonds in an amount not to exceed \$13,700,000, in order to refund the 1993 Parking Revenue Bonds. According to Mr. Szeto, these Parking Revenue Refunding Bonds would be repaid from the gross receipts of the 5th and Mission Garage. According to Mr. Szeto, these Parking Revenue Refunding Bonds, as with the original 1993 Parking Revenue Bonds, do not require the City's General Fund to repay the bonds.

According to Ms. Sesay, the existing 1993 Parking Revenue Bonds have interest rates of between 6.15 percent and 6.65 percent and were issued with a 25-year term, with a final payment date on April 1, 2018. The 1993 Parking Revenue Bonds can be called from investors on or after April 1, 2003. According to Ms. Sesay, the estimated true interest cost for the subject proposed Parking Revenue Refunding Bonds is 4.96 percent and the bonds would have an approximately 16-year term with the final payment still due on April 1, 2018. Attachment II, provided by the Mayor's Office of Public Finance, is a debt service comparison between the 1993 Parking Revenue Bonds and the proposed Parking Revenue Refunding Bonds.

As shown in Attachment II, the proposed refinancing of the 1993 Parking Revenue Bonds will result in an estimated total net present value savings in aggregate debt service of \$609,149.29, over the 16-year term of the bonds. This estimated savings is based on a par amount of \$12,785,000 (the outstanding principal amount of debt on the original 1993 bonds) at an average annual interest rate of 4.96 percent for a term of 16 years, according to Ms. Sesay.

According to the terms of the existing indenture between the Corporation and the Bank of America National Trust and Savings Association for the 1993 Parking Revenue Bonds, the Corporation retains 15 percent up to \$1,000,000 maximum of net annual revenues² from the operation of the 5th and Mission Garage in a Surplus Revenue Fund to be used only for Garage capital improvements. The proposed resolution would approve an indenture between the Corporation and the Trustee of the proposed Refunding Bonds, to be selected in July of 2002 through a competitive bid process, to increase the maximum amount of net revenues that the Corporation retains in the Surplus Revenue Fund by 50 percent from \$1,000,000 to \$1,500,000. According to the terms of the proposed indenture, whenever any funds are withdrawn for capital improvements from the Surplus Revenue Fund, the amount withdrawn would be replaced from subsequent net revenues of up to \$1,500,000. However, the Surplus Revenue Fund could not be allocated an amount in excess of 15 percent of the Garage's net revenues in any one year. As stated by Mr. Szeto in Attachment I, increasing the maximum amount of the Surplus Revenue Fund by 50 percent is necessary to allow the Corporation to set aside sufficient funds to address needed capital improvements including concrete work on each of the 9 floors of the Garage and other necessary improvements.

According to Mr. Szeto, the Parking and Traffic Commission must approve capital improvement expenditures from the Surplus Revenue Fund, which are incurred by the San Francisco Downtown Parking Corporation. Mr. Szeto reports that such expenditures are not subject to Board of Supervisors approval.

Attachment III, provided by DPT, shows the actual and projected sources and uses of 5th and Mission Garage revenues from FY 2001-2002 to FY 2005-2006. As shown in Attachment III, the balance of the Surplus Revenue Fund is projected to total \$1,500,000 in Fiscal Year 2005-2006.

² Net revenues are equal to gross receipts less Parking Taxes, operating expenses and annual debt service.

Comments:

1. According to Ms. Sesay, the principal that would be outstanding on the prior 1993 Parking Revenue Bonds will be \$12,785,000 as of April 1, 2003 when the 1993 Parking Revenue Bonds can be called. The prior 1993 Parking Revenue Bonds have a Debt Service Reserve Fund which has a current balance of approximately \$1,362,491. Those monies from the Debt Service Reserve Fund would be released when the 1993 Parking Revenue Bonds are defeased.³ According to Ms. Sesay, approximately \$1,243,918 of the \$1,362,491 Debt Service Reserve Fund would be used to fund a new Debt Service Reserve Fund ⁴ for the proposed refunding bonds. According to Ms. Sesay, the balance of \$118,573 (\$1,362,491 less \$1,243,918) would be allocated to an Escrow Fund for use in paying off the 1993 Parking Revenue Bonds. Ms. Sesay advises that a Debt Service Reserve Fund is required to provide for debt service payments in case of a funding shortfall. If a shortfall occurs, and the Trustee is required to pay debt service from this Reserve Fund, then the Reserve Fund would be replenished by Garage revenues.

2. According to Ms. Sesay, the proceeds deposited in the Escrow Fund from the anticipated July of 2002 sale of the subject Parking Revenue Refunding Bonds will be held by a third party trustee (the "Escrow Agent") to be selected through a competitive bid process in June of 2002. On the first available call date of April 1, 2003, the Escrow Agent will redeem the 1993 Parking Revenue Bonds with the monies held in the Escrow Fund.

3. According to Ms. Sesay, the cost of issuance cannot exceed \$250,000 for the proposed refunding bonds. Ms. Sesay reports that the cost of issuance is to be paid with

³ Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the indenture.

⁴ Under the terms of the proposed refunding bond issuance and in accordance with Internal Revenue Service (IRS) Tax Regulations, the Corporation is required to fund a Debt Service Reserve Fund in the amount equal to the lesser of 10 percent of the par amount of the proposed Refunding Bonds, 100 percent maximum annual debt service or 125 percent average annual debt service on the proposed Refunding Bonds. In this case, the amount of the Debt Service Reserve Fund is an amount equal to 100 percent maximum annual debt service on the proposed Refunding Bonds or approximately \$1,243,918.

Memo to Finance Committee
May 29, 2002 Finance Committee Meeting

bond proceeds. Ms. Sesay estimates that the cost of issuance would be \$250,000.

4. Ms. Sesay anticipates that the proceeds from the sale of the subject Refunding Bonds will be invested in State and Local Government securities which will mature on April 1, 2003, the first available call date for the 1993 Parking Revenue Bonds.

5. Ms. Sesay notes that the exact amount of the proposed Parking Revenue Refunding Bond issuance in an amount not to exceed \$13,700,000, will not be known until the date of the sale of the Parking Revenue Refunding Bonds, as the interest rate will affect the aggregate principal amount needed to fund the refunding escrow account and the bond insurance. However, Ms. Sesay advises that it is standard industry practice that issuance of refunding bonds must result in a debt service savings of at least three percent of the bonds to be refunded, which in this case, for the original 1993 bonds, is \$12,785,000. Therefore, in order to assure debt service savings of at least three percent, the Budget Analyst recommends that the proposed resolution be amended by adding the following provision:

“further provided, that the par amount of the refunding bonds issued shall not exceed an amount that will produce a net present value debt service savings of at least three percent of the refunded amount of \$12,785,000 to defease the Series 1993 Bonds, or \$383,550 as certified by the Corporation's independent financial advisor as a pre-condition to the Corporation's delivery of the Parking Revenue Refunding Bonds to the Trustee.”

Ms. Sesay concurs with the Budget Analyst's recommendation.

6. According to Ms. Theresa Alvarez of the City Attorney's Office's, although the proposed resolution includes a provision to ratify previous actions taken in connection with the issuance of the proposed Parking

Revenue Refunding Bonds, Ms. Alvarez is not aware of any such actions that have been taken.

Recommendations:

1. In accordance with Comment No. 5 above, amend the proposed resolution to require that the par amount of the Parking Revenue Refunding Bonds to be issued by the San Francisco Downtown Parking Corporation shall not exceed an amount that will produce a net present value debt service savings of less than three percent of the \$12,785,000 which is the outstanding balance of the 1993 bonds to be refunded.
2. Approve the proposed resolution, as amended.

-22'02(WED) 15:21

CITY & CO OF S.F. PARKING DEPT

City and County of San Francisco



ELLIE LEWIS BROWN, JR., Mayor
ED M. HAMDUN, EXECUTIVE DIRECTOR

NALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: May 22, 2002

TO: Ms. Anna LaForte
Analyst
Budget Analyst's Office

FROM: Ronald Szeto *RS*
Acting Director
Parking Authority

THROUGH: Fred Hamdun
Executive Director
Department of Parking and Traffic

SUBJECT: City of San Francisco Downtown Parking Corporation Refunding Bonds

Background:

In 1992, the Board of Supervisors approved the Fifth and Mission Public Parking Garage Lease (the "Lease"), dated as of April 1, 1992, between the City and County of San Francisco (the "City") and the City of San Francisco Downtown Parking Corporation (the "Corporation") for the management of the Fifth & Mission Street Garage (the "Garage"). Under the terms of the Lease, the Corporation is required to obtain City approval for the issuance of tax-exempt bonds and the execution of various documents relating thereto.

Also under the terms of the Lease, the Corporation is required to solicit a professional parking operator through a competitive process for the daily parking management of the Garage and to obtain the Parking and Traffic Commission authorization to execute a management agreement between the Corporation and the parking operator. The Corporation is also required to submit an annual operating budget to the Parking and Traffic Commission for review and to the Controller's Office for approval. Furthermore, the Corporation is required to obtain the Parking and Traffic Commission authorization to expend funds for capital improvements to the Garage

Ms. Anna LaForte
May 22, 2002
Page 2 of 3

In 1993, the Corporation issued Parking Revenue Bonds the "Series 1993 Bonds" to upgrade and expand the Garage by adding approximately 700 spaces on two additional parking levels.

As of May 1, 2002, the Series 1993 Bonds had an outstanding principal in the amount of \$12,785,000 of Parking Revenue Bonds. Final maturity on the Bonds is April 1, 2017. Interest rate ranges from 6.15% to 6.65% (weighted average interest rate on the outstanding Series 1993 Bonds is 6.62%) and the annual payment is approximately \$1,320,000.

Pursuant to the Indenture, dated as of February 1, 1993 between the Corporation and the Bank of America National Trust and Savings Association, as trustee (the "Indenture"), the Corporation retains 15%, up to \$1,000,000 maximum of net revenues from the operations of the Garage, in a Surplus Revenue Fund, for capital improvements (the other 85% is transferred to the City). Capital improvements at the Garage are funded from the Corporation's Surplus Revenue Fund which is established under the Indenture. For Fiscal Year 2001-2002, the Corporation anticipates approximately \$1.1 million in surplus revenues.

Proposal:

Unlike the Ellis-O'Farrell Garage proposal, staff and the Corporation propose to authorize the Corporation to take advantage of lower interest rates by issuing refunding bonds to reduce the annual debt service because the Corporation already have funds available for capital improvements. Based upon current interest rates, debt service on the refunding bonds is estimated to be approximately \$1,210,000, representing approximately \$108,000 in annual savings. Pursuant to Federal tax law, the Corporation may refund the Series 1993 Bonds up to 180 days in advance of their first call date. Given the April 1, 2003 call date on the Series 1993 Bonds, the refunding bonds could be issued on October 1, 2002.

Moreover, we propose to adjust the maximum amount allowable for the Surplus Revenue Fund from \$1,000,000 to \$1,500,000. The increase of the maximum amount would allow the Corporation to set aside sufficient funds to address impending concrete work on each Garage level and other necessary repairs.

The Corporation is being assisted in this bond refunding by a team of individuals representing: the Department of Parking and Traffic, the Mayor's Office of Public Finance, the City Attorney's Office, Co-Bond Counsel (Orrick, Harrington & Sutcliffe and Lofton and Jennings), Co-Financial Advisors (Public Financial Management and Municipal Capital Management) and Corporation Counsel (Mr. Paul Newman).

Parking and Traffic Commission
May 7, 2002
Page 3 of 3

As of May 1, 2002, the refunding team estimates a True Interest Cost (TIC) of 4.74% on the new bonds and gross annual debt service net present savings of \$108,000 that represents net present value savings of 6.007% of the par amount of the refunding bonds. A minimum savings threshold of 3.00% is the proposed target for the refunding, meaning that the transaction may not be executed if NPV savings fell below 3.00%. The final maturity of the proposed refunding bonds would be April 1, 2018, the same as the existing bonds, so the debt service would not be extended.

The cost of issuance of the refunding bonds is estimated at no more than \$250,000. However, the Corporation would not be obligated for any significant amount should market conditions change unfavorably and the refunding bonds are not issued.

The Department of Parking and Traffic recommends adoption of the proposed Resolution.

Cc: Diana Hammons, DPT

SOURCES AND USES OF FUNDS

Downtown Parking Corporation
2002 Refunding of Series 1993

Sources:

Bond Proceeds:	
Par Amount	13,490,000.00
Other Sources of Funds:	
Bond Funds	196,095.25
DSRF	<u>1,362,490.80</u>
	1,758,586.05
	<u>15,248,586.05</u>

Uses

Refunding Escrow Deposits:	
Cash Deposit	0.11
SLG Purchases	<u>13,666,708.00</u>
	13,666,708.11
Other Fund Deposits:	
Debt Service Reserve Fund	1,243,917.63
Delivery Date Expenses:	
Cost of Issuance	250,000.00
Underwriter's Discount	<u>87,685.00</u>
	337,685.00
Other Uses of Funds:	
Additional Proceeds	275.31
	<u>15,248,586.05</u>

Note: Run with A-Scale Plus 25 Basis Points and no Insurance cost

SAVINGS

Downtown Parking Corporation
2002 Refunding of Series 1993
A-Scale as of May 7, 2002 Plus 25 Basis Points

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/01/2002 @ 4.8690143%
04/01/2003	1,320,317.50	1,243,917.63	76,399.87	83,558.80
04/01/2004	1,320,797.50	1,221,579.50	99,218.00	91,716.00
04/01/2005	1,318,922.50	1,218,355.00	100,567.50	90,351.04
04/01/2006	1,318,552.50	1,216,710.00	101,842.50	87,032.48
04/01/2007	1,315,890.00	1,212,322.00	103,568.00	84,189.16
04/01/2008	1,320,935.00	1,220,343.00	100,592.00	77,858.34
04/01/2009	1,318,032.50	1,215,038.00	102,994.50	75,827.01
04/01/2010	1,317,510.00	1,217,188.00	100,322.00	70,318.54
04/01/2011	1,319,040.00	1,216,470.50	102,569.50	68,389.24
04/01/2012	1,317,395.00	1,213,340.50	103,954.50	65,939.90
04/01/2013	1,317,275.00	1,217,642.50	99,632.50	60,162.04
04/01/2014	1,317,757.50	1,213,632.50	104,125.00	59,781.79
04/01/2015	1,319,250.00	1,216,444.50	102,805.50	56,151.83
04/01/2016	1,316,420.00	1,215,558.50	100,861.50	52,404.75
04/01/2017	1,319,267.50	1,215,958.50	103,309.00	51,042.12
04/01/2018	1,317,127.50	1,217,485.50	99,642.00	46,819.35
	21,094,390.00	19,491,986.13	1,602,403.87	1,123,542.40

Savings Summary

PV of savings from cash flow	1,123,542.40
Less: Prior funds on hand	-1,758,536.05
Plus: Refunding funds on hand	1,244,192.94
Net PV Savings	609,149.29

SOURCE OF FUNDS

Annual Net Income Prior Year

Corporation's 15%
Prior Year Estimated Surplus Fund Carry Over
Total Capital Account
Deduction of Capital in Excess of \$1.5m (103.06)

Net Total Capital Account

City's 85%
Addition of Corp's Capital Account in excess of \$1.5m
Total City Estimated Share

APPLICATION OF FUNDS

APPROVED AMOUNT	ACTUAL TO DATE	% COMPLETE
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Expend Plan	Expend Plan	Expend Plan	Expend Plan	Expend Plan
2002-2003	2003-2004	2004-2005	2005-2008	2006-2007

EX1999-2003

11 Parking Equipment	\$362,900	\$252,009	100%
12 Retail Electric #1	\$300,000	\$300,000	100%
13 Retail Electric #2	\$121,000	\$291,763	69%
14 Parking	\$30,000	\$6,342	21%
15 Security Cameras	\$150,000	\$158,402	100%
16 Computer Upgrade	\$10,000	\$9,995	100%
EX2003-2001	\$10,000	\$8,708	87%
17 Parking Equipment	\$181,250	\$198,781	100%
18 Garage Expansion #1	\$275,000	\$775,000	100%
19 Security Cameras	\$25,000	\$33,044	100%
110 Floor Scrubber	\$50,000	\$50,218	100%
111 4th Street Lobby	\$255,000	\$5,090	2%

EX2001-2002

112 Parking Equipment	\$204,100	\$83,864	41%
113 Garage Expansion #2	\$320,000	\$155,038	34%
114 Security Cameras	\$75,000	\$8,853	12%
115 Floor Sweeper	\$45,000	\$31,489	100%
116 Corner Lobby	\$255,000	\$0	0%
117 Signage	\$25,000	\$0	0%

EX2002-2001

118 Waterproofing of 2nd Floor Slab/surface	\$390,000		
119 Lighting Upgrades/Improvements	\$75,000		
120 Replacement of Roofing	\$80,000		
121 Emergency Backup Generator	\$60,000		
122 Parking Equipment	\$45,000		
123 Security Cameras	\$30,000		
124 Area Letter Designators	\$30,000		

PLANNED

Parking Equipment	\$40,000	\$40,000
Floor resurfacing	\$800,000	\$400,000
Garage Expansion	\$50,000	\$50,000
Security Cameras	\$250,000	\$250,000
Fifth St. Lobby	\$20,000	\$10,000
Signage/develop audio Education Program	\$150,000	

Total Capital Projects Expense

\$ 950,727	\$ 1,139,709	\$ 935,000	\$ 750,000	\$ 890,000
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ENDING BALANCE SURPLUS FUND	\$49,273	539	\$188,229	\$595,114	\$610,000
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FIVE YEAR SOURCE AND APPLICATION OF FUNDS--CAPITAL EXPENDITURES @ \$1 MILLION

SOURCE OF FUNDS

Annual Net Income Prior Year
Corporations 15%
Prior Year Estimated Surplus Fund Carry Over
Total Capital Account
Deduction of Capital In Excess of \$1mil
Net Total Capital Account
City's 85%
Addition of Corps Capital Account In excess of \$1mil
Total City Share

APPLICATION OF FUNDS

APPROVED
WIDGET ACTUAL COMPLETE %

	FY 2001-2002	FY 2002-2003	FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2006-2007
11 Parking Equipment	\$7,454,804	\$7,269,835	\$7,487,830	\$7,712,568	\$7,943,945	
12 Retail Electric #1	\$1,110,221	\$1,090,475	\$1,123,180	\$1,156,885	\$1,191,582	
13 Retail Electric #2	\$500,000	\$419,273	\$85,195	\$90,000	\$85	
14 Restroom Upgrade	\$1,018,221	\$1,139,748	\$1,208,385	\$1,246,885	\$1,191,588	
15 Fencing	\$618,221	\$139,748	\$208,385	\$248,885	\$181,688	
16 Security Camera	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
17 Computer Upgrade	\$6,336,583	\$8,179,350	\$9,384,741	\$6,555,693	\$6,752,353	
18 2000-2001	\$618,221	\$139,748	\$208,385	\$246,885	\$181,688	
19 Parking Equipment	\$8,708	\$8,708	\$8,708	\$8,708	\$8,708	
20 Garage Expansion #1	\$184,250	\$188,791				
21 Security Cameras	\$275,000	\$275,000				
22 Floor Scrubber	\$35,000	\$35,000				
23 4th Steel Lobby	\$50,000	\$50,000				
24 2001-2002	\$235,000	\$5,096				
25 Parking Equipment	\$204,100	\$83,864				
26 Garage Expansion #2	\$320,000	\$155,036				
27 Security Cameras	\$75,000	\$8,853				
28 Floor Sweeper	\$45,000	\$31,489				
29 Center Lobby	\$255,000	\$0				
30 2002-2003	\$25,000	\$0				
31 Waterproofing of 2nd Floor Staircase						
32 Lighting Upgrade/Improvements						
33 Replacement of Roofing						
34 Emerg Backup Generator						
35 2003-2004						
36 Security Cameras						
37 Area Letter Designators						
38 PLANNED						
39 Parking Equipment						
40 Floor resurfacing						
41 Garage Expansion						
42 Security Cameras						
43 Fith St. Lobby						
44 Signage/Video/Audio Education Program						
45 Total Capital Projects Expense	\$950,727	\$914,805	\$910,000	\$999,904	\$890,000	
46 ENDING BALANCE SURPLUS FUND	\$49,273	\$85,185	\$90,000			

Item 11 – File 02-0851

Department: Mayor's Office of Public Finance

Item: Resolution authorizing the execution and delivery of certificates of participation to finance the acquisition, improvement, construction and/or reconstruction of a new juvenile detention facility to replace the existing San Francisco Juvenile Hall; approving the form of a property lease between the City and County of San Francisco (the "City") and a trustee relating to certain City-owned property (as further described in this Resolution) and: a) approving the form of a project lease between the City and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; b) approving the form of a trust agreement between the City and a trustee (including certain indemnities contained therein); c) approving the form of an official notice of sale and notice of intention to sell for the certificates of participation; d) approving the form of an official statement in preliminary and final form; e) approving the form of a continuing disclosure certificate; f) authorizing the filing of a validation action validating the execution and delivery of the certificates of participation; g) authorizing the reimbursement of certain expenditures; h) authorizing the payment of costs of issuance; i) adopting findings under the California Environmental Quality Act and findings pursuant to the City Planning Code Section 101.1; and, j) ratifying previous actions taken in connection therewith.

**Principal Amount of
Certificates of
Participation
Issuance:** \$45,000,000

Project Purpose: Juvenile Hall Replacement Project

Comment: The proposed resolution was introduced at the full Board of Supervisors on May 20, 2002. Consequently, as of the writing of this report, the Budget Analyst has had insufficient time to prepare a full report on this item. The

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Budget Analyst also notes that a companion measure, authorizing the Mayor's Office of Criminal Justice to accept and expend \$15,075,000 for the proposed Juvenile Replacement Project was also introduced at the Board of Supervisors on May 20, 2002 and referred to the Finance Committee.

The Budget Analyst recommends that the proposed resolution be continued by the Finance Committee to its meeting of June 5, 2002.

Recommendation: Continue the proposed resolution to the Finance Committee meeting of June 5, 2002.

Item 12 - File 02-0773

Department: Public Utilities Commission (PUC)
Municipal Transportation Agency (MTA)
Real Estate Division, Administrative Services (RED)

Item: Resolution (a) transferring jurisdiction from the Public Utilities Commission to the Municipal Transportation Agency of the real property identified as a portion of Assessor's Parcel No. 5262/9 for a substation for the San Francisco Municipal Transportation Agency's Third Street Light Rail Project; (b) adopting findings pursuant to the California Environmental Quality Act (CEQA); and (c) adopting findings that the transfer of jurisdiction is consistent with the City's General Plan and the Eight Priority Policies of the Planning Code Section 101.1.

Location: An approximate 3,464 square foot land parcel, located at Phelps Street and Hudson Avenue

Amount Payable by the MTA to the PUC: \$1,975 (\$0.57 per square foot times 3,464 square feet) payable by the MTA to the PUC. In April, 1947, the PUC originally purchased from the Southern Pacific Railroad a 240,000 square foot land parcel, which includes the subject 3,464 square foot parcel, for a total purchase price of \$136,752 (approximately \$0.57 per square foot times 240,000 square feet). Pursuant to Administrative Code Section 23.20, the PUC is now selling the subject land parcel to the MTA at historical cost.

Source of Funds: Proposition B Sales Tax Revenues¹

Description: The PUC currently owns a 360,000 square foot land parcel located on Cesar Chavez Boulevard, between Jerrold and Galvez Avenues. On June 20, 2000, the MTA requested the transfer of 3,464 square feet of the 360,000 square foot land parcel from the PUC to the MTA for the construction of a new electrical substation building on the subject site, which will furnish traction power for a segment of the new Third Street Light Rail Vehicle (LRV)

¹ Proposition B, which was approved by the San Francisco voters in November, 1989, provides a 0.5 percent Sales Tax to be used for transportation projects.

Project.² The PUC approved transfer of the 3,464 square foot land parcel to MTA on October 10, 2000. Between October 10, 2000, and February 19, 2002, the PUC and the MTA negotiated the terms of the transfer of the property, and on February 19, 2002 the MTA Board approved the transfer and purchase of the subject property.

Comments:

1. According to Ms. Susan Olive of the Municipal Railway (Muni), Muni will construct a power substation to convey electrical power for the Third Street Light Rail on the land parcel at Phelps Street and Hudson Avenue. Ms. Olive states that the proposed substation is one of four power substations that Muni will construct to convey electrical power for the Third Street Light Rail. The four electrical power substations will be located at (a) Phelps Street and Hudson Avenue, which is the subject of this request, (b) Illinois Street between 16th and Mariposa Streets, (c) Keith Street and LeConte Avenue, and (d) the Metro East Maintenance Yard east of Illinois Street between 25th and Cesar Chavez Streets. Ms. Olive advises that Muni selected the proposed power substation site at Phelps Street and Hudson Avenue through meetings with the neighborhood and the Third Street Light Rail Project Citizens Advisory Group, consisting of corridor residents, community organizations and businesses.

2. Ms. Olive advises that the MTA will award a \$8,442,733 contract prior to the end of June, 2002, to Mitchell Engineering, selected through a competitive bid process, to construct power substations on three of the four power substation sites.³ The three substation sites include Illinois Street, Keith Street, and the subject Phelps Street.⁴ Under the contract with Mitchell

² The Third Street Light Rail Vehicle Project is a light rail line primarily along Third Street, linking portions of the Chinatown, Downtown, South of Market, Potrero Hill/ Central Waterfront, Bayview Hunters Point, and Visitacion Valley/ Little Hollywood neighborhoods.

³ According to Ms. Olive, construction of the fourth substation located at the Metro East Maintenance Yard will be included in the overall construction of the Metro East Maintenance Yard.

⁴ Ms. Olive advises that MTA is currently negotiating with the State CalTrans to purchase the site at 3rd and Keith Streets, and under the contract with Mitchell Engineering, the contractor will not proceed with the work on the Keith Street substation until negotiations are completed.

Engineering, the contractor will prepare the three sites for construction, including mitigation of hazardous materials on the sites, and construct concrete masonry substations on the Illinois Street and Phelps Street sites and a pre-fabricated substation on the Keith Street site. Ms. Olive advises that MTA will fund the \$8,442,733 contract mainly through Proposition B Sales Tax Revenues.

3. Ms. Olive advises that construction of the power substations will begin after the contract is awarded and that the power substations will be ready for testing in late 2004 or early 2005. According to Ms. Olive, MTA anticipates that the Third Street Light Rail Vehicle Project will be completed and the LRVs will be operating in mid-2005.

4. The Planning Commission originally certified the Third Street Light Rail Project Environmental Impact Report (EIR) in December, 1998,⁵ and the Board of Supervisors adopted these findings in File 00-1347. According to Ms. Olive, the Planning Department conducted a re-evaluation of the Third Street Light Rail Project EIR in February, 2001, to determine if proposed changes to the Third Street Light Rail Project would significantly alter the environmental impact. Ms. Olive states that the Planning Department found that the proposed changes to the Third Street Light Rail Project would not result in substantial changes to the environmental impact. Additionally, the Planning Department determined that the Third Street Light Rail Project was in compliance with the eight Priority Policies of the Planning Code and in conformity with the General Plan.⁶

5. According to Ms. Amy Brown of the City Attorney's Office, pursuant to Administrative Code Section 23.20, the PUC may transfer the subject property to the MTA for the historical cost of the property, subject to Board of Supervisors approval.

Recommendation: Approve the proposed resolution.

⁵ Planning Commission Motion No. 14742

⁶ September 7, 1999, letter from the Director of Planning to the MTA, and June 28, 2001 letter from the Director of Planning to the MTA.

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Item 13- File 02-0826

Department: Department of Public Health (DPH)
Department of Administrative Services, Real Estate Division

Item: Resolution authorizing a new lease of real property at 68 12th Street on behalf of the Department of Public Health, Emergency Medical Services

Location: The proposed lease is for the rental space at 68 12th Street, Suite 200B.

Purpose of Lease: To provide space for the Emergency Medical Services (EMS) Section of the Department of Public Health (DPH) to serve as general offices and as a Department Operating Command Center during an emergency.

Lessor: 12th Street Partnership, a California General Partnership

Lessee: City and County of San Francisco, acting by and through the DPH

No. of Sq. Ft. and Cost Per Month: 3,507 square feet at a base monthly rate of \$7,414 (approximately \$2.11 per square foot per month). On an annual basis, rent would total \$88,968 (approximately \$25.37 per square foot per year).

Annual Rent Increases: None over the approximately five-year term of the lease.

Term of Lease: Approximately five years, commencing upon substantial completion of tenant improvements (estimated to be June 15, 2002) and expiring on June 30, 2007.

Right of Renewal: Option to renew for an additional term of five years, which would include a one-time increase in the base rent based on the percentage increase in the Consumer Price Index (CPI) for the San Francisco Metropolitan Area.

Utilities: To be provided by the City at an estimated annual cost of \$777 per month (\$9,324 per year). The City would also be responsible for the DPH's pro rata share of any increase in

the Lessor's identified costs¹ in excess of the 2002 base year.

Janitorial Services: To be provided by the City at an estimated cost of \$631 per month (\$7,572 per year).

Tenant Improvements: The total estimated tenant improvement costs to be fully paid by the City are \$75,000 comprising:

- (a) \$28,000 for a new emergency backup power generator
- (b) \$10,000 for generator installation and engineering the roof to accommodate the generator
- (c) \$37,000 for modifications to the interior

The City will be responsible for all generator maintenance and operating costs.

Source of Funds: The DPH has estimated total one-time costs associated with moving the EMS Section to 68 12th Street of \$121,683, which include tenant improvements (\$75,000), moving (\$7,400) and Department of Telecommunications and Information Systems (DTIS) work order (\$39,283) costs. These one-time costs are included in the DPH's approved FY 2001-2002 budget.

The DPH's annual budget would include funds for the ongoing annual rent, utilities and janitorial services costs of 68 12th Street, Suite 200B.

**Right of
First Refusal:**

The City has the first right of refusal to a) rent any additional office space that becomes available in the 68 12th Street building during the term of the proposed lease and b) purchase the building in the event that the Lessor decides to sell 68 12th Street.

Description:

The proposed resolution would authorize the DPH to enter into an approximately five year lease for 3,507 square feet of space at 68 12th Street. According to Mr. Julian Sutherland of the Real Estate Division, this space would be used for the Emergency Medical Services (EMS) Section of

¹ According to Mr. Sutherland, identified costs include 1) Real Estate Taxes, 2) Insurance required to be carried on the building and 3) garbage collection.

the DPH as office space and as a Department Operating Command Center during an emergency. According to Ms. Judy Schutzman of the DPH, the EMS Section of the DPH is 1) the emergency, disaster and terrorism planning and response agency for the DPH, 2) the regulatory agency for all members of the San Francisco Emergency Medical Services System, including fire department first responders, ambulance providers and local hospital emergency departments and 3) the coordinating agency for intra-Department health and medical activities within the City. Mr. Sutherland advises that the proposed lease would accommodate 14 EMS Section employees during a normal office day and up to 49 persons during an emergency.

Currently, the EMS Section occupies 3,341 square feet of leased space at 1540 Market Street. As discussed in Comment No. 1, according to Mr. Sutherland, the DPH will terminate the 1540 Market Street lease because the building does not meet current building code requirements and is not suitable for a disaster recovery center.

Comments:

1. According to Mr. Sutherland, the EMS Section currently has a month to month lease at 1540 Market Street for 3,341 square feet for \$4,373 per month with full service except for repairs. Mr. Sutherland states, however, that the 1540 Market Street building does not meet current seismic, fire or other building codes and cannot accommodate emergency response infrastructure, including uninterruptible power and additional roof antennas, or additional persons during an emergency which makes the building unsuitable as a disaster recovery center. Furthermore, Mr. Sutherland advises that preliminary discussions with the landlord of 1540 Market Street indicated that the rent for a new lease would increase by approximately 105 percent or to \$9,000 per month.

2. Mr. Sutherland reports that the current 3,341 square feet at 1540 Market Street accommodates 14 employees during normal business hours (238 square foot per employee) and cannot accommodate additional employees during an emergency. The proposed lease, however, would provide an additional 166 square feet or a total of 3,507 square feet, a five percent increase, which would accommodate the 14 employees of the EMS Section during

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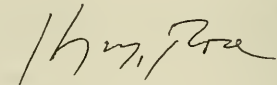
normal office hours (250 square foot per person) and up to 49 persons during an emergency.

3. According to Ms. Schutzman, the EMS Section anticipates adding 2.0 FTE personnel, including a 1.0 FTE Disaster Planner and a 1.0 FTE Terrorism Program Coordinator, in FY 2002-2003. Ms. Schutzman advises that these 2.0 FTE positions would be grant-funded positions and subject to Board of Supervisor approval of a new Federal grant that would fund terrorism response efforts. Ms. Schutzman reports that proposed lease would accommodate the additional 2.0 FTE personnel.

4. Mr. Sutherland reports that, under the terms of the proposed lease, the EMS Section would receive two designated parking spaces in the building garage as well as space on the building roof for City equipment, including an emergency electric generator, satellite receiver and radio antenna.

5. Mr. Sutherland reports that the proposed lease at the monthly rate of \$2.11 per square foot represents fair market value.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Daly
President Ammiano
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

